Social Security Bulletin

December 1945
Vol. 8 No. 12

•

Summary of the Board's Recommendations

The President's Message on a National Health Program

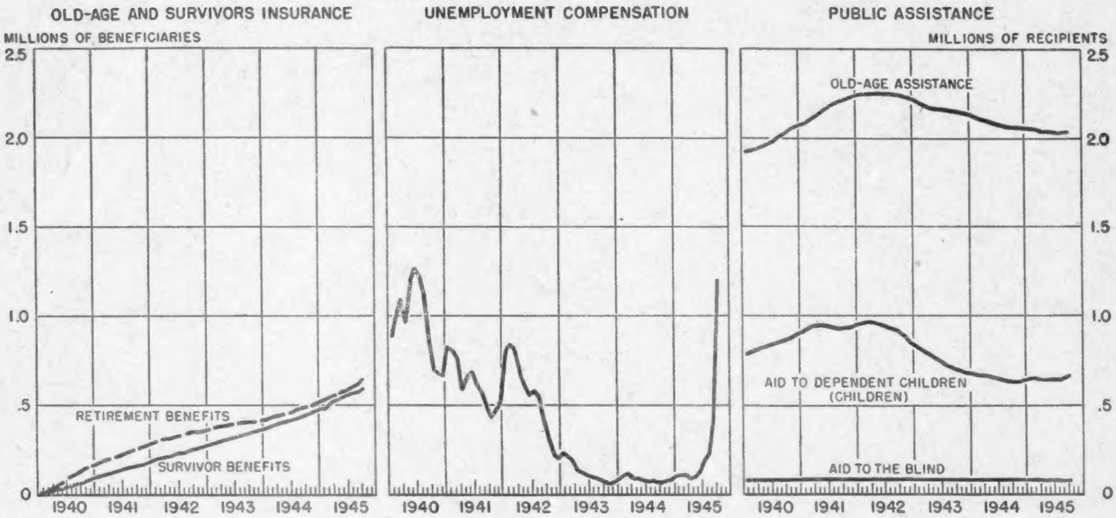
Assuring Adequate Health Service

Postwar Economic Perspectives: Experience After World War I

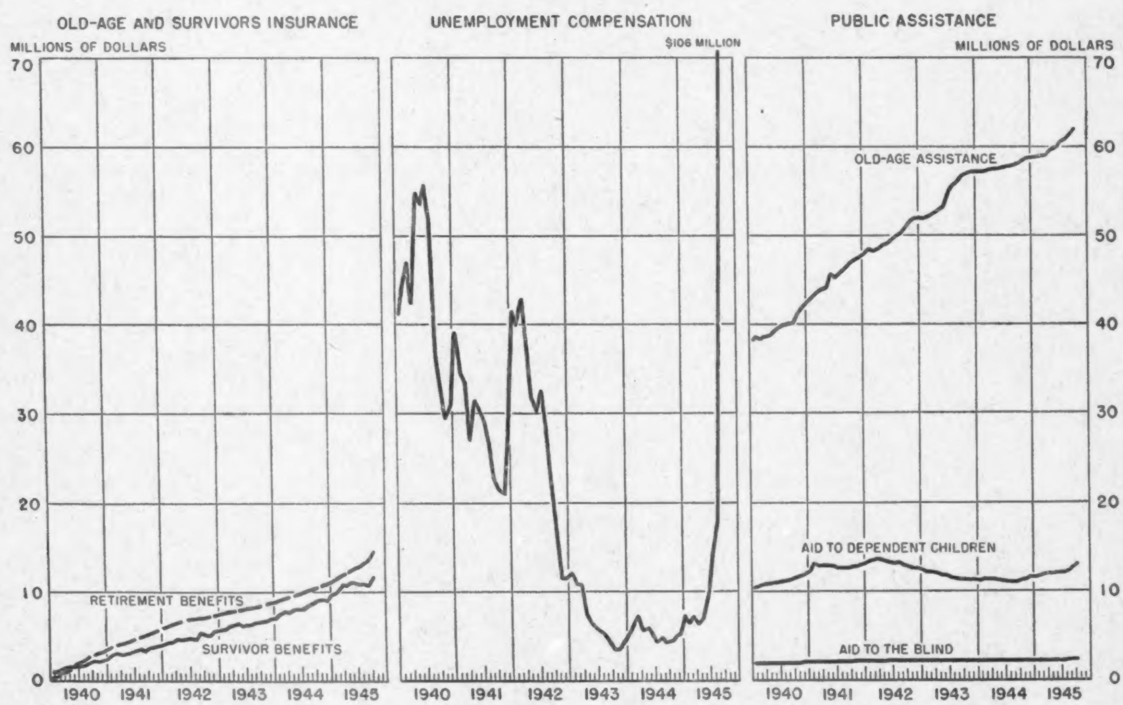
FEDERAL SECURITY AGENCY
SOCIAL SECURITY BOARD
WASHINGTON, D. C

*Social Security Operations**

INDIVIDUALS RECEIVING PAYMENTS



SOCIAL SECURITY PAYMENTS



*Old-age and survivors insurance, beneficiaries for whom payments were certified and amounts certified during month; unemployment compensation, weekly average number of beneficiaries for the month and gross benefits paid during the month under all State laws; public assistance, recipients and payments under all State programs.

Social Security Bulletin

Volume 8 | December 1945 | *Number 12*

Social Security in Review

Employment in November

Demobilization of the armed forces and industrial reconversion proceeded further in November. During the month, more than a million persons were released by the Army and about 400,000 by the Navy; including Marines and members of the Coast Guard, the number of persons who returned to civilian life was close to 1.5 million. The precise number of war jobs terminated in November is not known. It could not have been very large, since most of the war contracts had already been canceled, but it probably ran as high as several hundred thousand.

The net increment in the labor force available for civilian peacetime jobs was probably somewhat less than the sum of releases from military service and terminations of war jobs. Some ex-servicemen took temporary vacations; others resumed their education interrupted by the war. These losses from the labor force were only partly offset by the return to work of former war workers who had withdrawn temporarily from the labor market after their war jobs ended.

All in all, additions to the labor force in November may have totaled 1.5 million or somewhat less. Because of seasonal factors—mainly in agriculture—the labor force usually drops by about half a million from October to November. If the seasonal decline this year was at the usual rate, the net increase might have been about a million persons. However, withdrawals of war emergency workers may have reduced the actual addition to the labor force (employed and unemployed). In any event, the rise in the number of persons available for peacetime jobs was paralleled by an increase in work opportunities.

The number of persons filing unemployment compensation claims showed only a slight increase from the week ended October 27 to that ended December 1, and this rise may have been due partly to seasonal factors and labor conflicts. Variations from week to week in the total number of claimants for unemployment compensation were slight:

Week ended	*Number*
October 27	1,680,000
November 3	1,675,000
November 10	1,673,000
November 17	1,651,000
November 24	1,680,000
December 1	1,821,000

The trend in the claims load was downward in the first half of the month and upward in the second half. The origin of the upturn is not very clear. The net increase in the number of claims in the last 2 weeks was probably more than seasonal; in several States, labor disputes contributed to the rise. It is possible also that some few workers who did not look for work immediately after their war jobs ended returned to the labor market.

The weekly number of initial claims declined from 175,000 in the last week in October to 164,000 in the week ended November 24 and rose to 195,000 in the week ended December 1; waiting-period claims went down from 124,000 to 104,000 and rose again to 127,000; the number of compensable claims moved from 1,381,000 in the last week of October to 1,410,000 in the week ended November 24 and rose to a peak of 1,502,000 in the week ended December 1.

Each week during November, about 10 percent of the claimants found their way back to work and an equal—or slightly smaller—number of workers laid off or displaced by veterans filed initial claims. Only in the week ended on December 1 did new claimants exceed the number of former claimants who found work.

With allowance for the normal

(Continued on page 17)

In this issue:

676822—46——1

Facing Forward to Peace: Recommendations of the Social Security Board in Its Tenth Annual Report*

In the first decade of the Social Security Act, the social insurance and public assistance programs it established have shown their worth. On that decade of experience the Social Security Board bases its recommendations for extending the program to the millions of families still partly or wholly unprotected, for covering the risks against which little or no provision has yet been made, for strengthening present provisions, and for improving and simplifying administration and financing.

IN THE FIRST 10 years of the social security program a Nation-wide basis has been laid for defenses against most of the major causes of economic insecurity. New governmental techniques and resources have been effectively developed through the collaboration of the Federal Government and the States. Widespread public support evidences the extent to which the program is meeting generally recognized individual and social needs. Yet, as President Truman pointed out on the tenth anniversary of the Social Security Act, "we still have a long way to go before we can truthfully say that our social security system furnishes the people of this country adequate protection." The Social Security Board believes that major steps toward that goal are now both feasible and necessary.

A Comprehensive Program of Social Security

Social insurance.—The objective of social insurance is to provide, for all the working population, a basic minimum protection against involuntary interruption of earnings or loss of capacity to earn and against other common risks to family livelihood, such as the costs of medical care. Our present system is incomplete in the coverage of both risks and persons. Among those who have some protection under the Social Security Act or other public laws relating to similar risks, great and wholly illogical differences exist in the extent and character of protection.

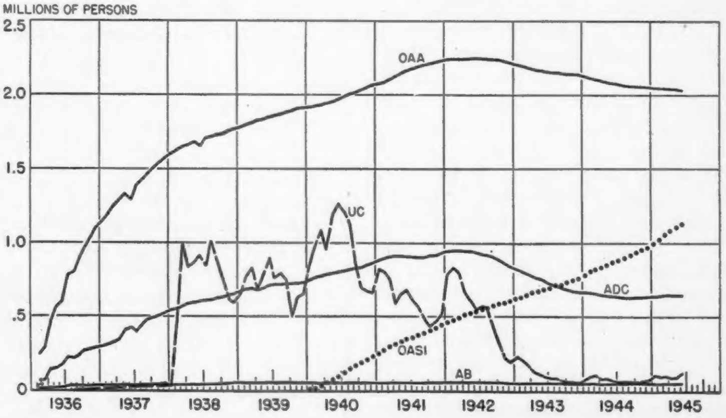
The Social Security Board believes that the most effective and economical method of providing social insurance in the United States is through a comprehensive basic national system, which can be supplemented by special or additional programs for particular groups. Provision for all common risks within a single system would make it possible to establish appropriate relationships between the amounts and duration of various types of benefits and, with supplementation by special systems, to avoid gaps in protection. It would permit the simplicity and economy of unified administrative organization.

A social insurance system in which benefits are related to past earnings automatically adjusts payments to the different levels of wages and of living in various parts of the country. Though the benefit formula would be the same, the prevailing level of benefit would be higher in high-wage cities and States than in places where wage rates are lower, but individuals in similar circumstances would be treated similarly wherever they are. With comprehensive coverage, benefit amounts would reflect the actual wage losses of many workers more closely than at present, since earnings in any job a worker had had could be counted in computing the amount of his benefit.

Under a unified basic system, a single local office could serve employers and workers with respect to any part of the program. Only one wage record need be maintained for a worker, only one contribution paid on his behalf, and only one wage report made for him by his employer. At present, duplication of Federal and State reports and records adds appreciably to public administrative costs and business expense.

Contributory social insurance automatically provides the funds to pay benefits and automatically controls costs. Since a very large part of the population would have protection under a comprehensive system, a Government contribution from general tax funds would be warranted. The stabilizing effect of an adequate system would be important even for persons who did not share in it directly, and public costs otherwise necessary for public aid and social services would be gradually reduced as the insurance system took over responsibili-

Social insurance beneficiaries and public assistance recipients under the Social Security Act, February 1936–June 1945 [1]



[1] Excludes persons receiving lump-sum payments under the old-age and survivors insurance program.

*This summary is based on Section Five of the *Annual Report of the Federal Security Agency, Social Security Board, 1945*. Section Five describes the basis and character of the Board's recommendations and outlines fiscal-year developments in the social security program. For a comprehensive review of the first decade of the Social Security Act, see the *Social Security Bulletin*, August 1945: U. S. Government Printing Office, 20 cents.

A Comprehensive Program of Social Security

The Social Security Board recommends the establishment of:

A comprehensive basic national system of social insurance, covering all major risks to economic independence and all workers and their dependents to whom such risks apply. Such a program would include insurance against wage loss in periods of disability and against costs of medical care, as well as old-age and survivors insurance and unemployment insurance, relating benefits to past earnings with provision for additional benefits for dependents. It would be designed to close existing gaps in the coverage of both persons and risks, to remove present inequities in the protection of workers and the financial burdens of employers, and to provide a consistent relationship among insurance provisions for the various risks and between provisions of the basic system and of supplementary special systems for particular groups. As compared with separate programs to meet particular risks, such a system would reduce administrative costs and burdens and simplify arrangements as they affect workers, employers, and public agencies. It would greatly strengthen protection against want and dependency at a minimum cost.

A comprehensive program of public assistance, on a State-Federal basis, under which payments financed from State and Federal funds would be available to any needy person in the United States irrespective of the reason for need or the place of residence. Such a program would be designed to remove the great disparities which now exist in the treatment of various classes of needy persons and in the treatment of persons who are in like circumstances but live in different parts of the country. It would also be designed to remove serious present inequities in the relative burdens borne by States and localities in financing public assistance.

ties that now must be financed from general tax funds.

Public assistance.—The newness of social insurance under the Social Security Act, its limitations in coverage and benefit amounts, and the lack of social insurance against wage loss in disability or medical costs make it clear that public assistance must remain an important means of combating need in old age and among children and the handicapped for at least some time to come. For all groups in the population, moreover, assistance must remain a second line of defense, no matter how comprehensive the provisions for social insurance.

To complement insurance adequately, assistance provisions must be sufficiently flexible to provide for need in any group of the population and for need arising from any cause. The special types of assistance under the Social Security Act lack that flexibility, since they are limited to particular groups and are further restricted by eligibility conditions of the State programs and limitations of available State funds.

The ending of the war intensifies the need to revise the basis of Federal financial participation in public assistance. Collapse of boom towns, loss or decrease of earnings by many who helped support their relatives, and cessation of allowances to servicemen's dependents are particularly serious in many areas which even in wartime lacked means of meeting continuing need among their people.

Additional Insurance Provisions

Disability insurance.—The United States is practically alone among the major countries of the world in having old-age insurance without provision for retirement for disability. Prolonged disability may be even more serious for family security than old age. Disability may come suddenly, at a time when a worker has heavy family responsibilities and has had little chance to save. It commonly involves not only wage loss but also costs of medical care.

In 1942, the first full year of our participation in the war, temporary and chronic disability, partial disability, and premature death probably cost the Nation the equivalent of the working time of 13 million persons, more than the total number engaged at any time in the armed forces. In ordinary years, wages lost in temporary or extended disability by workers who are ordinarily in the labor force total not less than $3–4 billion. The U. S. Public Health Service has estimated that losses of employers from sickness and disability among their workers are at least 1½ times the wage loss of the workers themselves. In 1943, such losses and the wage loss of workers, it is estimated, totaled not less than $15 billion, or more than $100 per capita of the entire population of the United States.

The great majority of American wage earners have no protection under any public program against wage loss from disability of nonoccupational origin. Voluntary insurance against extended disability is necessarily expensive on an individual basis, and most major life insurance companies have ceased to write it. Commercial insurance against loss of earnings in temporary disability has been increasing but is not likely to protect the persons most in need of it. Contributory social insurance, which averages losses of large groups and over periods of time, can bring costs of disability insurance within amounts that employers and workers can pay.

With reasonably adequate provisions, costs of extended disability insurance could be expected to be equivalent to 1 or 2 percent of pay roll after 15 to 20 years of operation; in earlier years, costs would be lower. Substantial protection against wage loss from temporary disability could be made from the equivalent of 1 percent of pay roll.

Additional Insurance Provisions

The Social Security Board recommends:

Cash benefits to insured workers and their dependents during both temporary disability (less than 6 months) and extended disability (6 months and over).

Insurance against costs of medical care, including payments to physicians and hospitals, with provision for decentralization of administration and possible utilization of State administration.

Old-Age and Survivors Insurance

The Social Security Board recommends:

Coverage of all gainful workers, including agricultural and domestic employees, public employees and employees of nonprofit organizations, and self-employed persons, including farmers.

Credit to servicemen for their period of service in the armed forces.

Reduction of the qualifying age for all women beneficiaries to 60 years, rather than 65.

Increase in benefit amounts, particularly for low-paid workers.

Increase from $3,000 to $3,600 a year in the amount of earnings subject to contribution and counted in computation of benefits.

Increase in the amount of earnings permitted a beneficiary without suspension of benefits, with a less severe penalty than at present for the first failure to report earnings in excess of the permitted amount.

Deletion of the requirement of school attendance as a condition for receipt of benefits by children aged 16 and 17.

Greater uniformity in defining, for purposes of the insurance system, family relations qualifying members of a worker's family for benefits.

Benefits during periods of extended or permanent disability like those for old-age retirement.

Provision for ensuring uniformity in coverage decisions relating to liability for contributions and eligibility for benefits, which are based on identical language but are made by two separate Federal agencies—the Bureau of Internal Revenue and the Board.

Adoption of a long-range plan for financing old-age and survivors insurance which looks toward an eventual tripartite division of costs among employers, employees, and the Government.

Medical care insurance.—The United States is far from enjoying the high place in health that it is commonly believed to hold or to which its wealth and other advantages entitle it. Each year records more needless deaths from causes that could be prevented or controlled than occurred from our participation in nearly 4 years of war. Much of the great gap between our present and potential levels of health is due to two factors: lack of adequate public health and medical resources in some areas, especially rural areas, and the barrier of medical costs that keeps many persons from getting care when it would be most effective.

In an ordinary year, the bill for health and medical services, including hospital construction, totals about $4 billion, of which about four-fifths comes directly from family pocketbooks. On the average, families spend 4 percent of income for sickness bills; low-income families, which have much more sickness and receive much less care, spend more than 4 percent. For even the well-to-do, however, sickness bills may wipe out savings and pile up debts, because such costs are irregular and cannot be foreseen or controlled.

Medical care insurance is a method of enabling families that are ordinarily self-supporting to pay for the medical care they need through small regular contributions to a fund from which payments are made to doctors, hospitals, and others that furnish the services. It is not "socialized medicine" but a method of paying medical costs.

A few million persons now have comprehensive protection under voluntary medical care prepayment plans and a larger number have such voluntary protection against hospital costs. Voluntary insurance plans are valuable within their field, but in general they give only limited protection, reach too small a share of the population, fail to reach those who most need protection, and are necessarily more costly than a system with wider sharing of sickness risks and with the administrative economies feasible for large units. Neither experience in the United States nor experience in other countries indicates any likelihood that such arrangements can serve the need of the whole Nation to take comprehensive action to minimize the insecurity, dependency, and needless suffering that result from the failure of many of our people to get prompt and adequate medical care.

Old-Age and Survivors Insurance

Coverage.—Limitation of coverage continues to be the most important single shortcoming of old-age and survivors insurance. In an average week of 1944, only about three-fifths of all gainfully employed civilians were in jobs covered by the system and more than 21 million civilians and between 11 and 12 million servicemen were excluded from it. Over a year many workers shift between covered and noncovered employment and, because of this division of earnings, qualify ultimately for lower benefits than they would have had if all their work was covered, or they fail to qualify for any benefits.

Wartime shifts in employment have greatly increased the difficulties and injustices of coverage restriction, especially for servicemen and for Federal civilian "war-duration" employees. Many persons in these groups are lessening or losing protection they previously earned under the system without gaining any alternative protection, and all are losing credits they might have earned except for their service to the Nation. Many persons who shifted to covered jobs during the war will lose protection when they return to farming, self-employment, domestic service, or other former work unless coverage is extended promptly; at least the older among them may never be able to qualify for old-age benefits though they have contributed to the system.

Nine years' operating experience has shown methods of solving administrative problems which initially caused exclusion of some groups of workers and has emphasized the importance, for all workers, of coverage by this basic system. Extension of coverage can and should be made without impairing any rights which individuals or groups have built up under other public retirement plans.

Adequacy.—The adequacy of an insurance system depends on the extent to which its benefits, together with individual resources, provide reasonable security for the large majority of beneficiaries. Existing provisions of the Federal system do not meet that test. Most beneficiaries have been pinched by the rising cost of living and many aged workers and survivors have refrained from claiming their benefits while they could get work because they did not think they

could live on the amount. Now their chances to hold jobs will be fewer, and it is desirable socially that benefits should be large enough to permit marginal workers to leave the labor force—among them aged workers in failing health, widows whose children need them at home, and children who should get more schooling. Extension of coverage would tend to raise benefit amounts, but in addition benefit scales should be increased, especially for low-paid workers, and certain benefit conditions that have proved unduly severe or restrictive should be liberalized.

Unemployment Insurance

At the end of this first decade, the Federal-State program of unemployment insurance is an important bulwark of protection. It continues, however, to present serious weaknesses. Coverage under most State laws is even narrower than that of old-age and survivors insurance. Despite recent improvements, benefit standards under those laws are in general not yet reasonably adequate. Disqualification provisions are unduly severe. The basis of financing is irrational and a source of administrative complexity and of inequity. The variety of the 51 State laws, which bears little relationship to economic differences among the States, also increases complexities for employers, workers, and administrative agencies. For both workers and employers, the program fails to meet one of the commonly accepted criteria of social insurance—similar treatment of similarly situated participants, wherever they are.

For example, in one State an insured worker with a given wage record can draw up to $546 in benefits in a year if he cannot get a job; in another State, a worker with exactly the same wage record cannot draw more than $210. In the fiscal year 1944–45, average payments for a week of total unemployment ranged among the States from $9.22 to $19.39. Under State experience-rating provisions, employer contribution rates likewise differ widely for employers who are in similar circumstances but in different States.

If a Federal-State system is retained, the Board believes that the tax-offset method of financing might well be replaced by Federal matching grants-in-aid to States to pay benefits and administrative costs. Either as a condition of the tax-offset or of a Federal grant, minimum benefit standards should be adopted to assure general adequacy of benefits and equity to workers.

Adoption of such measures, extension of coverage to small firms and to all other commonly excluded groups of employees for whom coverage is administratively feasible, and special provisions to cover Federal war-duration employees and maritime workers would strengthen the Federal-State system for the reconversion and for the long run. The Board, however, continues to believe that the most satisfactory solution of the difficulties experienced in the first decade of the program would be incorporation of unemployment compensation in a single comprehensive national system of social insurance. Such a step would give great positive advantages in simplicity and economy of operation and in coordination of provisions for the various risks. It would place unemployment insurance on a sounder financial basis and would relate it more constructively to the economy as a whole.

Unemployment Insurance

The Social Security Board recommends:

Extension of the Federal Unemployment Tax Act to all employers of one or more in covered industries and to as many other excepted employments as is administratively feasible.

Immediate provision for unemployment benefits during the reconversion period for workers employed by the Federal Government on a uniform basis regardless of the State in which they work.

Immediate provision for unemployment insurance for seamen in coastal, intercoastal, and foreign commerce under a Federal law.

If a Federal-State system of unemployment insurance is continued:

Abolition of the credit-offset features of the present tax and substitution of a straight Federal tax from the proceeds of which matching Federal grants to the States would be made for both benefits and administration.

Provision for minimum benefit standards either as a condition of tax-offset credit (including additional credits) or of Federal matching of State administrative and benefit costs. Among such standards would be:

Extension of unemployment insurance coverage to all employees in covered industries, regardless of size of firm, and to as many other noncovered groups as is administratively feasible.

Provision of a maximum weekly benefit amount, for workers whose past earnings entitle them to the maximum, of at least $25 for the worker with dependents.

Provision of as much as 26 weeks' duration of benefits for all workers eligible for benefits whose unemployment extends over so long a period.

Provision for the minimum proportion of wage loss to be compensated, including additional allowances for dependents, and for minimum qualifying earnings.

Provision that disqualifications for voluntary leaving without good cause, discharge for misconduct, or refusal of suitable work should entail merely postponement of benefits for not more than 4 weeks and not cancellation of benefit rights or reduction of benefits.

Definition of good cause for voluntary leaving or for refusing suitable work to include good personal reasons, not merely causes attributable to the job or the employer.

If minimum benefit standards are adopted but the credit-offset feature of the present tax is retained, change in the additional credit provisions so that employers may obtain rate reductions either through experience rating, State-wide reduction, or some other method.

If minimum benefit standards are adopted, permanent provision through a reinsurance fund—rather than loans, as now temporarily provided—to States whose unemployment funds run low.

Public Assistance

The Social Security Board recommends:

Federal grants-in-aid to States for general assistance to any needy person, irrespective of cause of need, as well as for old-age assistance, aid to the blind, and aid to dependent children.

Special Federal aid to low-income States, in addition to the equal-matching grant, to enable them to meet full need, as defined by the State, among all their needy population.

State distribution of available Federal and State assistance funds to localities in accordance with need in the locality and, where localities participate in financing assistance, also in relation to local fiscal capacity.

Federal financial participation in medical care payments made directly by the assistance agency to doctors, hospitals, or other agencies that furnish such care to needy persons under State public assistance programs.

Deletion of the Federal matching maximum for individual payments of aid to dependent children, and deletion or increase of such maximums for old-age assistance and aid to the blind.

Abolition of State residence requirements as a condition of eligibility for assistance in State plans approved under the Social Security Act.

Extension of Federal financial participation in aid to dependent children to include aid to any needy child, irrespective of the reason for need, who is living with a natural or adoptive parent, legal guardian, or relative. Substantially the same objective could be achieved through the Board's recommendations on Federal financial participation in general assistance. One or both changes, however, are urgently needed to assure more nearly adequate provision for needy children. In addition, appropriate provision under the Social Security Act for the care of a child who is in need of foster-home care.

Deletion of the requirement for Federal matching that, as a condition of eligibility for aid, children aged 16 and 17 must attend school.

Unification of the administration of State public assistance programs at both State and local levels as a condition of the Federal grant.

Public Assistance

Needy people in every part of the United States are being assisted with the aid of matching Federal funds granted to States under the Social Security Act. The extent to which needy individuals and families benefit from Federal funds varies greatly, however, because such funds are provided only for three special groups of needy persons and for even these groups depend in amount on what the State or the State and its localities can themselves provide.

General assistance.—Matching Federal funds are granted to States only for payments to the needy aged, needy blind, and children who are in want for certain specified reasons. States and localities themselves must finance any aid given to other persons in need, such as incapacitated adults other than the aged and the blind, children whose need is due to causes other than the death, absence from home, or incapacity of a parent, needy families in which the breadwinner is unemployed or earns too little for subsistence, or persons with interim needs, such as need for aid in sickness.

The local traditions and, in large part, local basis of financing general assistance make present aid to these and other residual groups generally inadequate; in some places, general assistance is wholly lacking. Federal financial participation in general assistance is required to provide a flexible means of meeting need among any group in the population, irrespective of the cause of need.

Basis of Federal participation.—Because the Federal grant now matches the amount the State itself provides, relatively more Federal aid goes to rich States than to States with only small resources, where need is most prevalent. In 1944–45, the 12 States lowest in per capita income had 21 percent of the country's population but received only 15 percent of the Federal funds granted for assistance. The limits for Federal matching in individual payments are too low to provide adequately for many recipients, especially families with dependent children. States can make only small use of Federal funds for medical care of recipients.

Additional Federal aid to low-income States, increase or deletion of Federal matching maximums for individual payments, Federal participation in payments for medical care of recipients, and extension of Federal matching to aid any needy child are required to enable the States to lessen the great differences in the aid now given to needy persons in similar circumstances in various parts of the country. In June 1945, average monthly payments to the aged ranged among the States from $11.42 to $48.29, and for the other programs differed at least as widely.

Since the welfare of each part of the country is of direct concern to the prosperity of the whole, it is in the national interest that all States be able to provide a basic minimum security for all their needy people. Nearly all States have shown their willingness to spend their money for assistance when they have it. With the rise in living costs and improvement in State finances during the war, average assistance payments have risen in all States. In most low-income States, however, aid to the needy has continued woefully inadequate at even this time.

Social Security and the Future

Just as the life of a man or a family is a whole, though particular needs and circumstances must change, so an adequate program of social security must have the unity, flexibility, and equity that will enable it to defend all families against any common economic risk that threatens their independence and well-being.

In so doing, social security does not weaken individual incentive and responsibility. In both assistance and insurance operations, the war years have shown clearly that Americans want to work and do so eagerly when they have a chance. Hope, not fear, drives men to greater endeavor. No country looks to sick or ill-fed people for its leaders or its workers or customers. Adequate social defenses against risks that individuals cannot meet singly are essential to maintain the individual initiative and enterprise on which our past was founded and to which we look for future progress. They are an essential part of the heritage and the future of democracy, of durable prosperity and peace.

A National Health Program: Message From the President*

To the Congress of the United States:

In my message to the Congress of September 6, 1945, there were enumerated in a proposed economic bill of rights certain rights which ought to be assured to every American citizen.

One of them was "the right to adequate medical care and the opportunity to achieve and enjoy good health." Another was the "right to adequate protection from the economic fears of . . . sickness . . ."

Millions of our citizens do not now have a full measure of opportunity to achieve and enjoy good health. Millions do not now have protection or security against the economic effects of sickness. The time has arrived for action to help them attain that opportunity and that protection.

The people of the United States received a shock when the medical examinations conducted by the Selective Service System revealed the widespread physical and mental incapacity among the young people of our Nation. We had had prior warnings from eminent medical authorities and from investigating committees. The statistics of the last war had shown the same condition. But the Selective Service System has brought it forcibly to our attention recently in terms which all of us can understand.

As of April 1, 1945, nearly 5 million male registrants between the ages of 18 and 37 had been examined and classified as unfit for military service. The number of those rejected for military service was about 30 percent of all those examined. The percentage of rejection was lower in the younger age groups and higher in the higher age groups, reaching as high as 49 percent for registrants between the ages of 34 and 37.

In addition, after actual induction, about a million and a half men had to be discharged from the Army and Navy for physical or mental disability, exclusive of wounds; and an equal number had to be treated in the armed forces for diseases or defects which existed before induction.

Among the young women who applied for admission to the Women's Army Corps there was similar disability. Over one-third of those examined were rejected for physical or mental reasons.

These men and women who were rejected for military service are not necessarily incapable of civilian work. It is plain, however, that they have illnesses and defects that handicap them, reduce their working capacity, or shorten their lives.

It is not so important to search the past in order to fix the blame for these conditions. It is more important to resolve now that no American child shall come to adult life with diseases or defects which can be prevented or corrected at an early age.

Medicine has made great strides in this generation, especially during the last 4 years. We owe much to the skill and devotion of the medical profession. In spite of great scientific progress, however, each year we lose many more persons from preventable and premature deaths than we lost in battle or from war injuries during the entire war.

We are proud of past reductions in our death rates. But these reductions have come principally from public health and other community services. We have been less effective in making available to all of our people the benefits of medical progress in the care and treatment of individuals.

In the past, the benefits of modern medical science have not been enjoyed by our citizens with any degree of equality. Nor are they today. Nor will they be in the future unless government is bold enough to do something about it.

People with low or moderate incomes do not get the same medical attention as those with high incomes. The poor have more sickness, but they get less medical care. People who live in rural areas do not get the same amount or quality of medical attention as those who live in our cities.

Our new economic bill of rights should mean health security for all, regardless of residence, station, or race—everywhere in the United States.

We should resolve now that the health of this Nation is a national concern; that financial barriers in the way of attaining health shall be removed; that the health of all its citizens deserves the help of all the Nation.

There are five basic problems which we must attack vigorously if we would reach the health objectives of our economic bill of rights.

1. The first has to do with the number and distribution of doctors and hospitals. One of the most important requirements for adequate health service is professional personnel—doctors, dentists, public health and hospital administrators, nurses, and other experts.

The United States has been fortunate with respect to physicians. In proportion to population it has more than any large country in the world, and they are well trained for their calling. It is not enough, however, that we have them in sufficient numbers. They should be located where their services are needed. In this respect we are not so fortunate.

The distribution of physicians in the United States has been grossly uneven and unsatisfactory. Some communities have had enough or even too many; others have had too few. Year by year the number in our rural areas has been diminishing. Indeed, in 1940, there were 31 counties in the United States, each with more than a thousand inhabitants, in which there was not a single practicing physician. The situation with respect to dentists was even worse.

One important reason for this disparity is that in some communities there are no adequate facilities for the practice of medicine. Another reason—closely allied with the first—is that the earning capacity of the people in some communities makes it difficult if not impossible for doctors who practice there to make a living.

The demobilization of 60,000 doctors and of the tens of thousands of other professional personnel in the armed forces is now proceeding on a large scale. Unfortunately, unless we act rapidly, we may expect to see them concentrate in the places with greater financial resources and avoid other places, making the inequalities even greater than before the war.

Demobilized doctors cannot be assigned. They must be attracted. In order to be attracted, they must be able to see ahead of them professional opportunities and economic assurances.

Inequalities in the distribution of

*Transmitted to Congress November 19.

medical personnel are matched by inequalities in hospitals and other health facilities. Moreover, there are just too few hospitals, clinics, and health centers to take proper care of the people of the United States.

About 1,200 counties, 40 percent of the total in the country, with some 15 million people, have either no local hospitals or none that meets even the minimum standards of national professional associations.

The deficiencies are especially severe in rural and semirural areas and in those cities where changes in population have placed great strains on community facilities.

I want to emphasize, however, that the basic problem in this field cannot be solved merely by building facilities. They have to be staffed; and the communities have to be able to pay for the services. Otherwise, the new facilities will be little used.

2. The second basic problem is the need for development of public health services and maternal and child care. The Congress can be justifiably proud of its share in making recent accomplishments possible. Public health and maternal and child health programs already have made important contributions to national health. But large needs remain. Great areas of our country are still without these services. This is especially true among our rural areas; but it is true also in far too many urban communities.

Although local public health departments are now maintained by some 18,000 counties and other local units, many of these have only skeleton organizations, and approximately 40 million citizens of the United States still live in communities lacking full-time local public health service. At the recent rate of progress in developing such service, it would take more than a hundred years to cover the whole Nation.

If we agree that the national health must be improved, our cities, towns, and farming communities must be made healthful places in which to live through provision of safe water systems, sewage-disposal plants, and sanitary facilities. Our streams and rivers must be safeguarded against pollution. In addition to building a sanitary environment for ourselves and for our children, we must provide those services which prevent disease and promote health.

Services for expectant mothers and for infants, care of crippled or otherwise physically handicapped children, and inoculation for the prevention of communicable diseases are accepted public health functions. So, too, are many kinds of personal services such as the diagnosis and treatment of widespread infections like tuberculosis and venereal disease. A large part of the population today lacks many or all of these services.

Our success in the traditional public health sphere is made plain by the conquest over many communicable diseases. Typhoid fever, smallpox, and diphtheria—diseases for which there are effective controls—have become comparatively rare. We must make the same gains in reducing our maternal and infant mortality, in controlling tuberculosis, venereal disease, malaria, and other major threats to life and health. We are only beginning to realize our potentialities in achieving physical well-being for all our people.

3. The third basic problem concerns medical research and professional education.

We have long recognized that we cannot be content with what is already known about health or disease. We must learn and understand more about health and how to prevent and cure disease.

Research—well directed and continuously supported—can do much to develop ways to reduce those diseases of body and mind which now cause most sickness, disability, and premature death—diseases of the heart, kidneys, and arteries, rheumatism, cancer; diseases of childbirth, infancy, and childhood; respiratory diseases; and tuberculosis. And research can do much toward teaching us how to keep well and how to prolong healthy human life.

Cancer is among the leading causes of death. It is responsible for over 160,000 recorded deaths a year and should receive special attention. Though we already have the National Cancer Institute of the Public Health Service, we need still more coordinated research on the cause, prevention, and cure of this disease. We need more financial support for research and to establish special clinics and hospitals for diagnosis and treatment of the disease especially in its early stages. We need to train more physicians for the highly specialized services so essential for effective control of cancer.

There is also special need for research on mental diseases and abnormalities. We have done pitifully little about mental illnesses. Accurate statistics are lacking, but there is no doubt that there are at least 2 million persons in the United States who are mentally ill, and that as many as 10 million will probably need hospitalization for mental illness for some period in the course of their lifetime. A great many of these persons would be helped by proper care. Mental cases occupy more than one-half of the hospital beds, at a cost of about $500 million per year—practically all of it coming out of taxpayers' money. Each year there are 125,000 new mental cases admitted to institutions. We need more mental-disease hospitals, more out-patient clinics. We need more services for early diagnosis, and especially we need much more research to learn how to prevent mental break-down. Also, we must have many more trained and qualified doctors in this field.

It is clear that we have not done enough in peacetime for medical research and education in view of our enormous resources and our national interest in health progress. The money invested in research pays enormous dividends. If any one doubts this, let him think of penicillin, plasma, DDT powder, and new rehabilitation techniques.

4. The fourth problem has to do with the high cost of individual medical care. The principal reason why people do not receive the care they need is that they cannot afford to pay for it on an individual basis at the time they need it. This is true not only for needy persons. It is also true for a large proportion of normally self-supporting persons.

In the aggregate, all health services—from public health agencies, physicians, hospitals, dentists, nurses, and laboratories—absorb only about 4 percent of the national income. We can afford to spend more for health.

But 4 percent is only an average. It is cold comfort in individual cases. Individual families pay their individual costs and not average costs. They may be hit by sickness that calls for many times the average cost—in extreme cases for more than their annual income. When this happens they may come face to face with

economic disaster. Many families, fearful of expense, delay calling the doctor long beyond the time when medical care would do the most good.

For some persons with very low income or no income at all we now use taxpayers' money in the form of free services, free clinics, and public hospitals. Tax-supported, free medical care for needy persons, however, is insufficient in most of our cities and in nearly all of our rural areas. This deficiency cannot be met by private charity or the kindness of individual physicians.

Each of us knows doctors who work through endless days and nights, never expecting to be paid for their services because many of their patients are unable to pay. Often the physician spends not only his time and effort but even part of the fees he has collected from patients able to pay, in order to buy medical supplies for those who cannot afford them. I am sure that there are thousands of such physicians throughout our country. They cannot, and should not, be expected to carry so heavy a load.

5. The fifth problem has to do with loss of earnings when sickness strikes. Sickness not only brings doctor bills; it also cuts off income.

On an average day, there are about 7 million persons so disabled by sickness or injury that they cannot go about their usual tasks. Of these, about 3¼ millions are persons who, if they were not disabled, would be working or seeking employment. More than one-half of these disabled workers have already been disabled for 6 months; many of them will continue to be disabled for years and some for the remainder of their lives.

Every year, four or five hundred million working days are lost from productive employment because of illness and accident among those working or looking for work—about 40 times the number of days lost because of strikes on the average during the 10 years before the war. About nine-tenths of this enormous loss is due to illness and accident that is not directly connected with employment and is therefore not covered by workmen's compensation laws.

These then are the five important problems which must be solved, if we hope to attain our objective of adequate medical care, good health, and protection from the economic fears of sickness and disability.

To meet these problems, I recommend that the Congress adopt a comprehensive and modern health program for the Nation, consisting of five major parts, each of which contributes to all the others.

FIRST. *Construction of hospitals and related facilities*

The Federal Government should provide financial and other assistance for the construction of needed hospitals, health centers, and other medical, health, and rehabilitation facilities. With the help of Federal funds, it should be possible to meet deficiencies in hospital and health facilities so that modern services—for both prevention and cure—can be accessible to all the people. Federal financial aid should be available not only to build new facilities where needed but also to enlarge or modernize those we now have.

In carrying out this program, there should be a clear division of responsibilities between the States and the Federal Government. The States, localities, and the Federal Government should share in the financial responsibilities. The Federal Government should not construct or operate these hospitals. It should, however, lay down minimum national standards for construction and operation and should make sure that Federal funds are allocated to those areas and projects where Federal aid is needed most. In approving State plans and individual projects, and in fixing the national standards, the Federal agency should have the help of a strictly advisory body that includes both public and professional members.

Adequate emphasis should be given to facilities that are particularly useful for prevention of disease—mental as well as physical—and to the coordination of various kinds of facilities. It should be possible to go a long way toward knitting together facilities for prevention with facilities for cure, the large hospitals of medical centers with the smaller institutions of surrounding areas, the facilities for the civilian population with the facilities for veterans.

The general policy of Federal-State partnership which has done so much to provide the magnificent highways of the United States can be adapted to the construction of hospitals in the communities which need them.

SECOND. *Expansion of public health, maternal and child health services*

Our programs for public health and related services should be enlarged and strengthened. The present Federal-State cooperative health programs deal with general public health work, tuberculosis and venereal disease control, maternal and child health services, and services for crippled children.

These programs were especially developed in the 10 years before the war and have been extended in some areas during the war. They have already made important contributions to national health, but they have not yet reached a large proportion of our rural areas, and, in many cities, they are only partially developed.

No area in the Nation should continue to be without the services of a full-time health officer and other essential personnel. No area should be without essential public health services or sanitation facilities. No area should be without community health services, such as maternal and child health care.

Hospitals, clinics, and health centers must be built to meet the needs of the total population and must make adequate provision for the safe birth of every baby and for the health protection of infants and children.

Present laws relating to general public health and to maternal and child health have built a solid foundation of Federal cooperation with the States in administering community health services. The emergency maternity and infant care program for the wives and infants of servicemen—a great wartime service authorized by the Congress—has materially increased the experience of every State health agency and has provided much-needed care. So, too, have other wartime programs, such as venereal disease control, industrial hygiene, malaria control, tuberculosis control, and other services offered in war essential communities.

The Federal Government should cooperate by more generous grants to the States than are provided under present laws for public health services and for maternal and child health care. The program should continue

676822—46——2

to be partly financed by the States themselves and should be administered by the States. Federal grants should be in proportion to State and local expenditures and should also vary in accordance with the financial ability of the respective States.

The health of American children, like their education, should be recognized as a definite public responsibility.

In the conquest of many diseases prevention is even more important than cure. A well-rounded national health program should, therefore, include systematic and widespread health and physical education and examinations, beginning with the youngest children and extending into community organizations. Medical and dental examinations of school children are now inadequate. A preventive health program, to be successful, must discover defects as early as possible. We should, therefore, see to it that our health programs are pushed most vigorously with the youngest section of the population.

Of course, Federal aid for community health services—for general public health and for mothers and children—should complement and not duplicate prepaid medical services for individuals, proposed by the fourth recommendation of this message.

THIRD. *Medical education and research*

The Federal Government should undertake a broad program to strengthen professional education in medical and related fields and to encourage and support medical research.

Professional education should be strengthened where necessary through Federal grants-in-aid to public and to nonprofit private institutions. Medical research, also, should be encouraged and supported in the Federal agencies and by grants-in-aid to public and nonprofit private agencies.

In my message to the Congress of September 6, 1945, I made various recommendations for a general Federal research program. Medical research, dealing with the broad fields of physical and mental illnesses, should be made effective in part through that general program and in part through specific provisions within the scope of a national health program.

Federal aid to promote and support research in medicine, public health, and allied fields is an essential part of a general research program to be administered by a central Federal research agency. Federal aid for medical research and education is also an essential part of any national health program, if it is to meet its responsibilities for high-grade medical services and for continuing progress. Coordination of the two programs is obviously necessary to assure efficient use of Federal funds. Legislation covering medical research in a national health program should provide for such coordination.

FOURTH. *Prepayment of medical costs*

Everyone should have ready access to all necessary medical, hospital, and related services.

I recommend solving the basic problem by distributing the costs through expansion of our existing compulsory social insurance system. This is not socialized medicine.

Everyone who carries fire insurance knows how the law of averages is made to work so as to spread the risk and to benefit the insured who actually suffers the loss. If, instead of the costs of sickness being paid only by those who get sick, all the people, sick and well, were required to pay premiums into an insurance fund, the pool of funds thus created would enable all who do fall sick to be adequately served without overburdening anyone. That is the principle upon which all forms of insurance are based.

During the past 15 years, hospital insurance plans have taught many Americans this magic of averages. Voluntary health insurance plans have been expanding during recent years; but their rate of growth does not justify the belief that they will meet more than a fraction of our people's needs. Only about 3 or 4 percent of our population now have insurance providing comprehensive medical care.

A system of required prepayment would not only spread the costs of medical care, it would also prevent much serious disease. Since medical bills would be paid by the insurance fund, doctors would more often be consulted when the first signs of disease occur instead of when the disease has become serious. Modern hospital, specialist, and laboratory services, as needed, would also become available to all and would improve the quality and adequacy of care. Prepayment of medical care would go a long way toward furnishing insurance against disease itself, as well as against medical bills.

Such a system of prepayment should cover medical, hospital, nursing, and laboratory services. It should also cover dental care—as fully and for as many of the population as the available professional personnel and the financial resources of the system permit.

The ability of our people to pay for adequate medical care will be increased if, while they are well, they pay regularly into a common health fund instead of paying sporadically and unevenly when they are sick. This health fund should be built up nationally in order to establish the broadest and most stable basis for spreading the costs of illness and to assure adequate financial support for doctors and hospitals everywhere. If we were to rely on State-by-State action only, many years would elapse before we had any general coverage. Meanwhile health service would continue to be grossly uneven, and disease would continue to cross State boundary lines.

Medical services are personal. Therefore, the Nation-wide system must be highly decentralized in administration. The local administrative unit must be the keystone of the system so as to provide for local services and adaptation to local needs and conditions. Locally as well as nationally, policy and administration should be guided by advisory committees in which the public and the medical professions are represented.

Subject to national standards, methods and rates of paying doctors and hospitals should be adjusted locally. All such rates for doctors should be adequate and should be appropriately adjusted upward for those who are qualified specialists.

People should remain free to choose their own physicians and hospitals. The removal of financial barriers between patient and doctor would enlarge the present freedom of choice. The legal requirement on the population to contribute involves no compulsion over the doctor's freedom to decide what services his patient needs. People will remain free to obtain and pay for medical service outside of the health insurance system if they desire, even though they are members of the system; just as they are free to send their children to private instead

of to public schools, although they must pay taxes for public schools.

Likewise physicians should remain free to accept or reject patients. They must be allowed to decide for themselves whether they wish to participate in the health insurance system full time, part time, or not at all. A physician may have some patients who are in the system and some who are not. Physicians must be permitted to be represented through organizations of their own choosing, and to decide whether to carry on in individual practice or to join with other doctors in group practice in hospitals or in clinics.

Our voluntary hospitals and our city, county, and State general hospitals, in the same way, must be free to participate in the system to whatever extent they wish. In any case they must continue to retain their administrative independence.

Voluntary organizations which provide health services that meet reasonable standards of quality should be entitled to furnish services under the insurance system and to be reimbursed for them. Voluntary cooperative organizations concerned with paying doctors, hospitals, or others for health services but not providing services directly, should be entitled to participate if they can contribute to the efficiency and economy of the system.

None of this is really new. The American people are the most insurance-minded people in the world. They will not be frightened off from health insurance because some people have misnamed it "socialized medicine."

I repeat—what I am recommending is not socialized medicine.

Socialized medicine means that all doctors work as employees of government. The American people want no such system. No such system is here proposed.

Under the plan I suggest, our people would continue to get medical and hospital services just as they do now—on the basis of their own voluntary decisions and choices. Our doctors and hospitals would continue to deal with disease with the same professional freedom as now. There would, however, be this all-important difference: whether or not patients get the services they need would not depend on how much they can afford to pay at the time.

I am in favor of the broadest possible coverage for this insurance system. I believe that all persons who work for a living and their dependents should be covered under such an insurance plan. This would include wage and salary earners, those in business for themselves, professional persons, farmers, agricultural labor, domestic employees, Government employees, and employees of nonprofit institutions and their families.

In addition, needy persons and other groups should be covered through appropriate premiums paid for them by public agencies. Increased Federal funds should also be made available by the Congress under the public assistance programs to reimburse the States for part of such premiums, as well as for direct expenditures made by the States in paying for medical services provided by doctors, hospitals, and other agencies to needy persons.

Premiums for present social insurance benefits are calculated on the first $3,000 of earnings in a year. It might be well to have all such premiums, including those for health, calculated on a somewhat higher amount such as $3,600.

A broad program of prepayment for medical care would need total amounts approximately equal to 4 percent of such earnings. The people of the United States have been spending, on the average, nearly this percentage of their incomes for sickness care. How much of the total fund should come from the insurance premiums and how much from general revenues is a matter for the Congress to decide.

The plan which I have suggested would be sufficient to pay most doctors more than the best they have received in peacetime years. The payments of the doctors' bills would be guaranteed, and the doctors would be spared the annoyance and uncertainty of collecting fees from individual patients. The same assurance would apply to hospitals, dentists, and nurses for the services they render.

Federal aid in the construction of hospitals will be futile unless there is current purchasing power so that people can use these hospitals. Doctors cannot be drawn to sections which need them without some assurance that they can make a living. Only a Nation-wide spreading of sickness costs can supply such sections with sure and sufficient purchasing power to maintain enough physicians and hospitals.

We are a rich Nation and can afford many things. But ill health which can be prevented or cured is one thing we cannot afford.

FIFTH. *Protection against loss of wages from sickness and disability*

What I have discussed heretofore has been a program for improving and spreading the health services and facilities of the Nation and providing an efficient and less burdensome system of paying for them.

But no matter what we do, sickness will, of course, come to many. Sickness brings with it loss of wages.

Therefore, as a fifth element of a comprehensive health program, the workers of the Nation and their families should be protected against loss of earnings because of illness. A comprehensive health program must include the payment of benefits to replace at least part of the earnings that are lost during the period of sickness and long-term disability. This protection can be readily and conveniently provided through expansion of our present social insurance system with appropriate adjustment of premiums.

Insurance against loss of wages from sickness and disability deals with cash benefits rather than with services. It has to be coordinated with the other cash benefits under existing social insurance systems. Such coordination should be effected when other social security measures are reexamined. I shall bring this subject again to the attention of the Congress in a separate message on social security.

I strongly urge that the Congress give careful consideration to this program of health legislation now.

Many millions of our veterans, accustomed in the armed forces to the best of medical and hospital care, will no longer be eligible for such care as a matter of right except for their service-connected disabilities. They deserve continued adequate and comprehensive health service. And their dependents deserve it, too.

By preventing illness, by assuring access to needed community and personal health services, by promoting medical research, and by protecting our people against the loss caused by sickness, we shall strengthen our national health, our national defense, and our economic productivity. We

shall increase the professional and economic opportunities of our physicians, dentists, and nurses. We shall increase the effectiveness of our hospitals and public health agencies. We shall bring new security to our people.

We need to do this especially at this time because of the return to civilian life of many doctors, dentists, and nurses, particularly young men and women.

Appreciation of modern achievements in medicine and public health has created widespread demand that they be fully applied and universally available. By meeting that demand we shall strengthen the Nation to meet future economic and social problems; and we shall make a most important contribution toward freedom from want in our land.

HARRY S. TRUMAN.

THE WHITE HOUSE,
November 19, 1945.

How Can We Assure Adequate Health Service for All the People?

By A. J. Altmeyer*

IF WE ARE to bring health services to all the people, the medical profession and the Government must work together. Obviously, the Government cannot achieve this objective without the cooperation of the medical profession, because medical service must be furnished by the medical profession. I believe it equally true that the medical profession cannot achieve the objective without the help of the Government.

At the outset, may I state plainly my opinion that there is no disagreement in our desire and determination that everybody, regardless of financial circumstances, shall be able to have adequate health services—meaning essential services of good quality. None of us wants to see anybody suffer or die for lack of medical care.

I believe also that the standards of good medical practice and of good hospital care in this country are probably second to none in the world today. The medical profession and hospital administrators have a right to be proud of the great progress these standards represent.

It is also true that, with few exceptions, the death rate in this country has declined year after year, particularly since the turn of the century. In 1900 there were 17 or 18 deaths per thousand of population, as compared with 11 per thousand in 1940. This is indeed notable progress.

Since all this is true, it may be asked, "Why is it necessary to embark on a national health program?" And, especially, "Why is it necessary for the Government to assume major responsibility?"

The answer is twofold. In the first place, while we have made notable progress in reducing the death rate, we are not the healthiest nation in the world. In the second place, while we have achieved high standards in medical and hospital care, this high-quality care is not within the actual reach of large numbers of our people. Putting it bluntly, there are many Americans this very minute who are suffering and dying needlessly for lack of medical care.

Not the Healthiest Country in the World

The statement has been made many times that we are the healthiest nation on earth, but statistics for the years just preceding the war show conclusively that we are not. Probably the best single measure of our relative health status is the infant mortality rate. In terms of this index, we stood seventh. Moreover, the comparisons in general were increasingly unfavorable to us as we proceeded from the death rates for infants to those of older groups of our population.

Even if we restrict the comparison to the white population, excluding data for Negroes, who have higher death rates, our mortality rate was by no means the lowest. For example, before the war the white male population of the United States ranked fifth among the nations of the world in the average expected years of life at the time of birth.

In spite of our wealth and our high per capita income, our death rates are not the best. Before the war, other countries, with much more modest economic resources, had gone further than we had in preserving human life.

In addition, we should not draw too much satisfaction from the fact that our death rate has declined markedly since the turn of the century. We should not forget that about 70 percent of the reduction was made by 1920 and almost all of it by 1930. We must also remember that the major part of the reduction in death rates has been due largely or almost wholly to the reduction in deaths from infectious diseases that are susceptible of mass control. If we are to have anything like a similar improvement in death rates in the future, we must not only expand our efforts in the mass control of infectious diseases but also assure more nearly universal access to individual medical care of noninfectious diseases.

What should concern us more than comparisons with other nations or with former years is the fact that we have done much better in protecting health in some places than in others, for some types of diseases than for others, and for some groups of the population than for others. The real measure of our past accomplishments and of our future opportunities is what we can do with our available knowledge. In many parts of the country and among many groups of our people, death rates are far higher than they need be. For example, many States go through a year without a single reported death from diphtheria or typhoid and paratyphoid fevers; yet other States are reporting three to four deaths from these causes per hundred thousand persons.

I cite these diseases not so much because of their present importance as causes of death but because they are diseases that can be almost completely prevented with proper public health and medical measures, and yet they continue to snuff out many lives annually.

Tuberculosis is still one of the dread killers. Yet we find that in a number of States death rates from tuberculosis are only one-fifth or one-sixth as high as in States with the highest rates. If the national death rate from tuberculosis had been as low as the lowest actually achieved in any States in 1943, some 42,000 lives would have been saved in that year.

Infant mortality illustrates similar wide differences among the States. In 1943, the State with the lowest in-

*Chairman, Social Security Board. Speech at First Annual Conference of Presidents and Other Officers of State Medical Societies, Chicago, December 2, 1945.

fant mortality reported 29 deaths per thousand live births; the State with the highest mortality had more than 3 times that rate. In some half-dozen States with the highest infant death rates, at least half the babies who died could have been saved had they been fortunate enough to have been born in areas where conditions were more favorable for their survival.

In this connection, the relationship between infant mortality and medical attendance at birth deserves mention. In the 10 States with lowest infant mortality in 1942, 88 percent of the births in that year took place in hospitals and less than 1 percent lacked medical attendance. In contrast, in the 10 States with the highest infant mortality, only 47 percent of the births were in hospitals, and 12 percent had no medical attendance.

Financial Barrier to Adequate Medical Care

The availability or absence of medical care is not the only reason for these and other differences in the security of life in the United States. Differences in economic circumstances, and consequently in housing and living conditions, no doubt contribute to the differences in death rates. No economic factors, however, are as significant as the availability of public and individual provision of health and medical services.

It is still commonly said that the poor and the rich get the best care. This oft-repeated generalization has caused much confusion. The fact is that poor people have more illness and have higher death rates than the well-to-do, but they receive far less medical care per family and per case of sickness. Poverty, illness, and inadequate medical care go together. The National Health Survey, conducted by the United States Public Health Service in the winter of 1935–36, showed that there were 2½ times as many days of disability among persons on relief as among those having a family income of $3,000 or more. The number of days lost by persons not on relief but with a family income of less than $1,000 was twice that experienced by those with a family income of $3,000 or more.

This Survey also showed that while there was much more serious disability among those with the least income, a substantially larger proportion among them than among those in the higher income brackets failed to receive any medical attention whatsoever. Those who did receive medical assistance had had fewer visits from physicians than disabled persons in the higher income brackets. In brief, it was shown that the amount of medical care received by persons in the low income brackets has been about one-third as adequate as the care received by those in the upper income brackets.

The reason for this difference should be obvious. Medical care costs money and the poor have less money to pay for it. Various public opinion polls show that from 30 to more than 40 percent of the American people have put off going to a doctor because of the cost. Individual doctors are not to be blamed for this. Financial barriers—not doctors—are the cause of the inadequate medical care which our people receive.

Government Responsibility for Meeting Health Needs

If we agree that nobody should suffer or die for lack of access to medical care, do we not have an obligation to break down the financial barrier between sick people and their doctors and hospitals? Is a democratic government meeting its full responsibility if the primary essential of human existence—the health of the people—is not safeguarded and improved to the utmost extent that medical science and our resources make possible?

That this is an accepted responsibility of government is recognized by the fact that our Government has already gone a considerable distance in protecting and promoting the health of the people. In addition to public sanitation and public health services, we have provided public medical services for the indigent, though with widely varying degrees of adequacy in different localities. Nor has governmental assistance for medical care been limited to indigents. In 1944, 85 percent of all the beds in tuberculosis hospitals were in government-operated institutions. Hospitalization for persons afflicted with nervous and mental disease has become almost exclusively a government function, and this hospitalization has by no means been limited to the indigent.

Even in the field of general hospital care the role of government has become increasingly important. In addition to the hospitals for veterans and other wards of the Federal Government, about 28 percent of all the beds in general and special hospitals are in government-owned institutions.

Through workmen's compensation laws, the States and the Federal Government have assured medical services for work-connected accidents and diseases.

Of course the Federal Government has always been responsible for the medical services of the armed forces. In addition, it has provided hospital and medical care for merchant seamen for a century and a half. For more than a quarter of a century special provision has been made to assure hospital and medical care for veterans. This activity is destined to grow by leaps and bounds. In the next 30 to 40 years, it is estimated, the Government will be providing hospital and medical care for 15 to 20 million veterans.

Under the Social Security Act, the Federal Government has made grants-in-aid to States for maternal and child health services, services to crippled children, and State and local public health services. It also has been providing funds for the control of venereal diseases.

Since 1942 the Federal Government has been paying for the maternity and infancy care of the wives and infants of servicemen. During the last fiscal year the expenditures under this program alone amounted to $45 million.

Last year the new Public Health Service Act became law, increasing the financial support for public health and for research and authorizing a new, large-scale attack on tuberculosis. All in all, in 1944 governmental expenditures—Federal, State, and local—for public health and medical services, exclusive of medical care for the armed forces, totaled nearly a billion dollars, or one-fifth of all the expenditures for health and medical care in the United States.

Thus it is apparent that the question before us is not whether the Government should assume responsibility for protecting and promoting the health of the people, but rather how much further the Government should go in meeting that responsibility.

President Truman's Health Message

The President of the United States has placed his views before the Congress in his Message of November 19,

in which he outlined a national health program, consisting of five proposals.[1]

Time will not permit me to discuss fully all these proposals. Therefore, I shall discuss only that for a Nationwide system of health insurance, since it is the most controversial and probably of greatest concern to practicing physicians.

The question is whether it is still necessary for the Government to take some action to spread the cost of medical care for self-supporting individual families if it does these other things proposed, concerning which there is more or less general agreement. That is to say, would it be enough if the Federal Government expands its public health and maternal and child health programs, makes certain that hospitals, health centers, clinics, and diagnostic facilities are available in every part of the country, and finances the cost of providing care of the indigent? If all that is done, why cannot the normally self-supporting families be expected to pay for their own medical care either directly or through voluntary insurance plans of one kind or another? These are questions that deserve careful consideration.

Perhaps we can all agree that building hospitals and other health facilities is not enough unless provision is made so that sick people can avail themselves of these facilities. Unfortunately, in the very nature of the unpredictable incidence of sickness, it is impossible to draw a line between those who will and those who will not be able to pay for the health services they need.

"Medically indigent" is a statistical term to describe classes of persons rather than individuals. Whether a given individual falls within the classification of medically indigent depends not only on his income but also on the amount of sickness that he happens to have. Dr. Leland, Director of the Bureau of Medical Economics of the American Medical Association, presented data in 1939 in which he showed that people with incomes up to $3,000 a year may be medically indigent in certain circumstances—depending upon the type of illness they suffer.

In 1935–36, more than 92 percent of the people in this country were in families that had an income of less than $3,000. Even with the increase in per capita income since that time, the majority still have an income of less than $3,000, which of course purchases far less today than it did 10 years ago. Therefore, the fact remains that only a fraction of our people can pay for all needed medical services for serious illnesses.

If sickness were predictable and if it affected families equally, the problem of paying for needed medical services would be less serious. But, as we all know, sickness costs often come suddenly, unexpectedly, and in large amounts. One illness may involve a cost of only a few dollars and another may require more than the family income for weeks, months, or even years. No one knows when an illness may strike or how much it will cost.

Spreading the Cost of Medical Care

The only way most of the American people can meet this problem is by spreading the cost of medical care over sufficiently long periods of time and among large enough groups of persons so that the cost will not be unbearable in the individual case. If this were done and the average amount were adjusted according to income, the cost of adequate care would not be unbearable even for persons with relatively small incomes.

Some people have suggested that it should be sufficient to spread only the cost of so-called catastrophic illnesses, that is, illnesses costing more than a certain amount. One disadvantage of that approach is that people of low or medium incomes would still have to bear a considerable cost. Another disadvantage is that if they had to pay, for example, the first $50 of the cost, they would still be deterred from consulting their physicians early in the course of a disease or for an apparently minor illness which later proved to be serious. Thus, the great advantages of early diagnosis and early treatment would be lost.

If the problem is to spread the cost of medical care, the question remains why can't we rely on the individual to obtain his own insurance? Hard facts spell the answer. The poor cannot afford to pay the full insurance premium. Most of those who are normally self-supporting have immediate wants which press on them to the exclusion of protection against future possible costs that may not actually occur. In other words, our day-to-day wants and necessities induce us to take a chance.

Inadequacy of Existing Voluntary Arrangements

It is true that many people have insurance against the cost of hospital or medical care. The Blue Cross movement, in particular, has shown remarkable progress in the last 10 years. However, the present membership covers less than 13 percent of our entire population and is made up chiefly of people in the middle income brackets, who live in or adjacent to the larger cities. Prepayment plans for medical care preceded the Blue Cross hospital plans, but they have not shown such rapid or extensive growth. Some medical society plans that started out to provide comprehensive services have found their growth discouragingly slow and have restricted their main coverage to surgical expenses in hospitalized cases only. At present, membership in voluntary medical prepayment plans—which seldom provide complete or comprehensive services—includes about 5 to 6 million persons.

Commercial group insurance covers about 8 million persons for hospital and surgical indemnity insurance, of whom about 6 million are covered for surgical indemnity. The number of individual insurance contracts for indemnity of hospitalization and other medical care costs is not known. While it may be large, the scope of the protection is usually narrow, since many of these policies cover only costs incurred for particular types of accidental injuries, rather than sickness costs of all kinds, and many have other important limitations.

It is possible that, altogether, about 40 million persons have *some* voluntary protection against the costs of hospitalization or medical services. While this protection is significant, the available figures indicate that voluntary insurance alone does not assure adequate protection for most Americans against the cost of medical care. Moreover, when we consider the economic status of those who now have such protection and of those who do not have it—but do experience more frequent and serious illnesses—it becomes all the more evident that voluntary insurance is not a complete or adequate answer to this national problem of spreading the costs of medical care.

[1] See pp. 7–9, this issue.

"State Medicine" vs. Health Insurance

There are two possible ways in which the Government can undertake to spread the costs of medical care. One is through providing medical care free of charge to the recipient, financing it through general taxation. The other way is through a system of health insurance, financed largely through contributions by potential beneficiaries and their employers. Under the first approach, medical care would be provided just as education is now provided. The practitioners would probably be for the most part salaried officials employed by the agency of Government providing the medical services. Such a system is usually termed "state medicine" and sometimes "socialized medicine." However, these terms are so indefinite and confused that they are sometimes used to cover not only public sanitation, public health services, and medical services provided by Government for specific groups in the population, but also health insurance.

It is essential for clear thinking that the distinction between state medicine and health insurance be kept in mind. State medicine implies medical services provided by physicians employed by the Government; health insurance, on the other hand, implies a system whereby medical service is provided by private, competitive practitioners who are reimbursed from a special insurance fund for the services they render. In other words, state medicine is not only a system for spreading the cost of medical care but is also a system of medical practice; in contrast, health insurance is a system for spreading the cost of medical care and does not replace the competitive private practice of medicine. Only the Union of Soviet Socialist Republics has a national system of state medicine; more than 30 countries have a national system of compulsory health insurance.

Every State but one already is operating a system of compulsory health insurance applicable to accidents and diseases arising out of occupation—that is, workmen's compensation. I am sure that no one would think of abandoning workmen's compensation insurance. It seems generally agreed that, in spite of recognized deficiencies, workmen's compensation has resulted in providing more adequate medical care for the victims of work accidents and diseases and more adequate compensation for the physicians and hospitals called upon to treat them. In the broader sense, health insurance is merely more inclusive than workmen's compensation; it covers *non*occupational accidents and diseases.

Elements of a Health Insurance System

Many people sincerely believe that there is no essential difference between state medicine and health insurance. Perhaps outlining the elements of a system of health insurance will help to clarify the distinction. But first let me point out that health insurance is, of course, a form of social insurance. In addition to a form of health insurance—that is, workmen's compensation—this country now has unemployment compensation and old-age and survivors insurance. All these are forms of social insurance and are financed by premiums collected as a percentage of pay roll.

It would be possible to have a system of health insurance on a strictly State-by-State basis, like workmen's compensation, without any assistance from the Federal Government. Or it would be possible for Congress to enact legislation which would create a strong inducement for the States to enact such laws, as was done in the case of unemployment compensation. Or it would be possible for Congress to enact a wholly Federal health insurance law.

Decentralization of administration.—If Congress enacted a wholly Federal health insurance law, it would still be possible to allow for State administration. Contributions to finance the health services could be collected along with the contributions made under the Federal old-age and survivors insurance system without any additional inconvenience to employees or employers and without additional cost to the Government. The added cost of administering health insurance as part of a unified social insurance system probably would not exceed 5 percent of the total cost of the benefits provided.

Free choice for patient and doctor.—The administration of the benefits should be decentralized so that all necessary arrangements with doctors and hospitals and public health authorities could be subject to adjustment on a local basis. The local hospitals and doctors should be permitted to choose the method of remuneration they desire. The method of remunerating hospitals could be on a fixed per diem basis regardless of the cost of the service to the hospital or to the patient, or it could be on the basis of the actual cost of the service to the hospital—within fixed minimum and maximum limits—or it could be a combination of the two methods. The payment of doctors could be on the basis of fee for services rendered or a per capita fee per annum, or straight salary—part time or full time—or it could be some combination of these arrangements.

Besides free choice of method of remuneration, the system should provide, of course, free choice of physicians and free choice of patients. The professional organizations themselves should be relied upon to assist in the maintenance and promotion of desirable professional standards.

Both individual and group practice should be permitted. It would be hazardous for a layman to undertake to discuss with physicians the pros and cons of individual practice versus group practice. May I merely suggest that the development of adequate health facilities throughout this country, including hospitals, clinics, health centers, and diagnostic facilities available to all of the physicians in a community, ought to help us achieve the maximum advantages of both individual and group medicine?

Utilization of voluntary organizations.—Voluntary organizations that provide health services would have an important role under a system of health insurance. So would voluntary cooperative organizations that are concerned with paying doctors, hospitals, or others for health services but do not provide these services directly. Specifically, medical society plans that provide services directly or pay for services rendered could play an important part in simplifying administration, promoting desirable professional relations, and furnishing—or arranging to furnish—adequate medical care promptly and efficiently.

President Truman has specifically stated in his message that such voluntary plans should be preserved, used, and encouraged. Here is what the President said:

Voluntary organizations which provide health services that meet reason-

able standards of quality should be entitled to furnish services under the insurance system and to be reimbursed for them. Voluntary cooperative organizations concerned with paying doctors, hospitals or others for health services, but not providing services directly, should be entitled to participate if they can contribute to the efficiency and economy of the system.

Last year a group of 29 leading health experts, including 13 doctors of medicine, made a careful study of principles and policies for a national health program and concluded that it was desirable and practicable to utilize voluntary agencies in the administration of such a program.

Many State medical societies have worked hard to set up systems of prepayment of medical care. They have encountered great difficulties, but several of these plans have met with considerable success. Whether or not they have met with success, however, these plans represent an earnest attempt on the part of organized medical groups to spread the cost of medical care while maintaining the professional relations desired by those groups.

They have experienced one great difficulty that a general system of social insurance would overcome—the hazard of adverse selection. Any prepayment plan covering persons who can enter it and leave it at will is subject to this handicap. Under a general social insurance system, however, the problem of adverse selection is solved automatically, since the good as well as the bad risks are included.

Under a system of health insurance, the Government could make arrangements to deal with the voluntary groups that furnish health services directly or pay for services rendered. The simplest arrangement would be for the Government to reimburse the organization either on an individual patient or service basis, or on an estimated total cost basis, having regard for the number of insured persons that it serves. Such a relationship would involve a minimum of control by the Government and a maximum degree of independence on the part of the group and the members composing the group.

Such arrangements would not only provide for utilizing existing service organizations but would also encourage the creation of new ones. Such voluntary plans could be administered by groups of doctors, individual doctors, or many other kinds of individual or group sponsors.

Any such plans would be as free as they are today to select their own staffs and their own method of paying doctors and others on their staffs.

Moreover, the method of paying a group for services rendered by their physician-members can be readily adapted to avoid adverse selection. For example, if the group is large and undertakes to serve a whole area, it could receive a pooled payment from the insurance fund for all insured persons in the area. This payment according to number of persons, generally known as capitation, covers the well and the sick. Or, if the group prefers, it could be paid for the sick only, on a fee-for-service basis—so much for this service and so much for that. In either case, the group is protected against adverse selection.

Many variations and combinations are possible, depending on the nature of the group, what it is prepared and equipped to undertake, and the preferences of its membership.

Under any *method* of payment, the rate of payment and the amount paid to doctors should be adequate. This means adequate payments for general practitioner services and adequate payments for specialist services. The medical profession has a right to insist that the financial resources of a health insurance system shall be sufficient to pay adequately for high-grade services. Since the public would receive a larger amount of service with health insurance than without it, physicians as a whole would have a right to expect higher average incomes than they ordinarily receive.

In this connection, President Truman said:

> The plan which I have suggested would be sufficient to pay most doctors more than the best they have received in peacetime years. The payments of the doctors' bills would be guaranteed, and the doctors would be spared the annoyance and uncertainty of collecting fees from individual patients. The same assurance would apply to hospitals, dentists, and nurses for the services they render.

Quality of care and freedom of profession.—Even ready access of the public to needed care and adequate payments to those who furnish care are not enough, of course. There are fundamental questions with regard to safeguarding the quality of care and continuing professional progress. On these questions it is more appropriate that the profession should speak than that I should, but I wish to offer a few observations.

By and large, it seems to me that quality of care should improve rather than decline if payment for service is guaranteed. It is alleged, however, that other characteristics of an insurance system will dominate the picture. And one hears about "regimentation" of doctors, "assignment of patients," "political control," and so on.

Everyone agrees, I believe, that the patient shall have free choice of doctor, and that the doctor shall be free to accept or reject patients. If the fee no longer stands between patient and doctor, the competitive relation between doctors will still remain, but it will rest on quality and adequacy of care. These are essentials for continuing good care. Where then are the issues?

One question concerns control over the professional aspects of medical practice. This is an ancient question—older than the Hippocratic Oath. Guidance, direction, supervision, discipline of doctors are primarily matters for doctors to handle. Subject to Government regulation through licensure, the responsibility has always been, and should remain, with the medical profession. No Government officer in his senses would take any other position. Just as public licensure gave the profession a new opportunity to deal with these problems, just as grading of medical schools, registration of hospitals, administration of workmen's compensation, and establishment of voluntary insurance plans—to mention only a few—gave the profession new opportunities to exercise professional controls, so inauguration of health insurance is still another step in the long evolutionary progress toward high ethical and qualitative standards. On this broad question, health insurance presents not a major threat but a new, great opportunity.

Another question is summarized in the phrases about "regimentation," "a czar over medicine," and the like. There is one sure way for the medical profession to see that what it doesn't want doesn't happen, even by inadvertence; that is to participate in planning the program. If it does, it will find itself working side by side with friends of the profession. There

is no problem here that can't be solved by men of good will.

Professional participation and program planning.—I hope I have succeeded in pointing out some of the essential differences between a system of State medicine and a system of health insurance. The first means a change from private medicine to public medicine. The second means changing from a pay-as-you-are-sick method to a prepayment method for spreading the costs of medical care.

However, even with this essential difference, it should be recognized that the medical profession has a justifiable concern as to the effect of a system of health insurance on the profession. The medical profession has a right to insist that the high standards of medical practice achieved in this country shall not only be maintained but also encouraged to advance as in the past. The medical profession has a right to insist that the doctor-patient relationship shall not be impaired in any way. It has a right to insist that its members shall be remunerated adequately for the services they render. Therefore, I believe that the medical profession should assist in developing legislation and should participate in the administration of the system that is enacted. I think it only fair to suggest, however, that organized medicine in this country should not give the impression of unqualified opposition to any governmental attempt to spread the costs of medical care.

Public Opinion Polls

Though hazards are involved in any governmental attempt to meet the problem of spreading the costs of medical care, I believe we must recognize that there is a large and growing demand by the people of this country that the Government act. Every unbiased poll that has been taken in the last 10 years shows that this is so.

As you know, the British Medical Association, as a result of more than 30 years of experience with health insurance, is wholeheartedly in favor of the principle of compulsory health insurance. Indeed, it has assumed leadership in demanding that the present health insurance system be made more comprehensive in terms of persons covered and services provided. Likewise, the Canadian Medical Association has gone on record as favoring the principle of compulsory health insurance.

Cooperation Between Medical Profession and Government

I hope that in this country, regardless of differences of opinion that may exist on general policies or on important details, the organized medical profession and the Government will join hands in undertaking to work out a constructive solution for the problem of assuring adequate health service for all the people. The Government needs the help of the medical profession in achieving this objective and, in my opinion, the medical profession also needs the help of the Government.

(*Continued from page 1*)

turn-over of employment and unemployment, the number of new claimants displaced, directly or indirectly, by returning veterans may be estimated at 75,000 to 100,000 a week—roughly, one worker was temporarily displaced for every four or five ex-servicemen returning to civilian occupation.

States which had been most severely affected by the first impact of the cancellation of war contracts in August and September showed appreciable improvement in work opportunities in November. The weekly number of claimants in Michigan declined from 229,000 in the week ended September 15 to 156,000 in the week ended November 24. The crest of unemployment has passed in Connecticut, New Jersey, and Pennsylvania, as well as in Massachusetts, Ohio, Illinois, Indiana, and Wisconsin. On the other hand, unemployment continued to rise in New York, the Pacific Coast States, and the South.

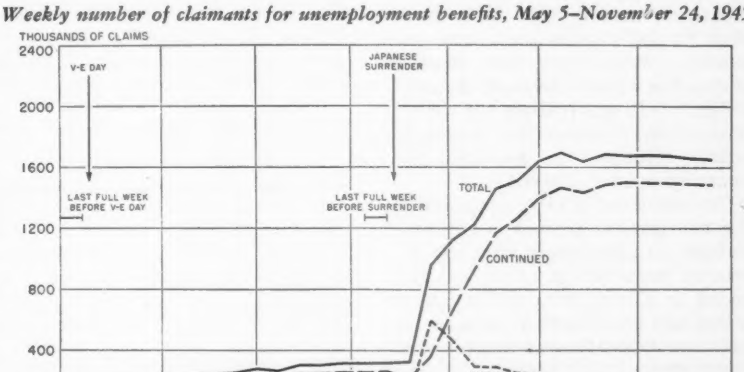
The increase in unemployment in the agricultural States is probably due, at least partly, to the return of workers who had left those States during the war when more promising jobs were available in industrial areas.

The conspicuous rise in unemployment in the West may be due to seasonal factors, the presence of migrant workers, and an influx of ex-servicemen. These factors, combined with the cancellation of war contracts, may create considerable pockets of temporary unemployment in the Pacific Coast States, despite the economic boom in this region.

The general trend is toward a more even distribution of unemployment over the country. The ratio of total weekly number of claims at the end of November to estimated covered employment as of December 1944 was 5.7 percent for the whole country as compared with 5.6 percent 2 months earlier. The rate of unemployment declined in the same period from 13.6 to 10.2 percent in Michigan; from 12.1 to 10.7 percent in New Jersey; from 9.4 to 7.5 percent in Connecticut; and from 7.2 to 5.9 percent in Illinois. It increased by more than 2 points in Alabama, Arkansas, Louisiana, Oklahoma, Oregon, and Washington, and by 1 to 2 points in California, Kentucky, Maine, Montana, Nevada, Tennessee, and West Virginia. Changes of less than half of 1 percent were recorded in Colorado, Georgia, Indi-

(*Continued on page 56*)

Weekly number of claimants for unemployment benefits, May 5–November 24, 1945



676822—46——3

Postwar Economic Perspectives

1. Experience After World War I

By W. S. Woytinsky*

Postwar trends in national income, business conditions, and employment will establish the setting for planning in every aspect of social security—social insurance as well as public assistance. This article is one of several summarizing the results of a study of such trends, undertaken as an aid in evaluating social security measures. The study makes three approaches to the topic, of which this article, analyzing experience after World War I, represents the first. Following articles will consider possible trends in the light of the economic situation just before World War II and of the wartime economy. As in all BULLETIN *articles, the opinions expressed are those of the author and do not necessarily reflect official views of the Social Security Board.*

IN MANY of the economic problems of wartime—such as price control, allocation of strategic materials, renegotiation and cancellation of war contracts, disposition of surplus materials, and the like—study of experience from 1918 to 1920 has furnished valuable guidance. A similar but wider approach is needed in examining present perspectives of postwar employment. Economic dislocations after the earlier major wars are handwriting on the wall, warnings of dangers which this country again confronts.

The Timing of Postwar Dislocations

In reading these writings, a first clue appears in the timing of postwar economic troubles.

The simplest over-all measure of these troubles is the price index. In the past century, wars have had a profound influence on prices in the United States. Twice the smooth long-range trend of prices has been interrupted by outbursts of inflation—during the Civil War and World War I.[1] Both times the course was similar: prices more than doubled within 3 or 4 years, declined abruptly, halted briefly much above the prewar level, then resumed the downward course, returning to the trend line many years later (chart 1).

The similarity of price variations in the two postwar periods is amazing. In both, an inflationary price rise developed immediately after the war, ended in a brief but violent fall of prices and an economic set-back (in 1867 and 1920–21), and was followed by a period of expansion that degenerated into a boom and collapsed in deep depression. Until the collapse of 1929, the depression of 1873–79 was regarded as the longest and the most severe in our history. Both times it took about 15 years after the war for prices to return to the prewar level.

Striking as this analogy may appear, it should not be regarded as an inevitable precedent. It does show that a major war may throw a long shadow on the economic life of a nation. The "postwar period" after the Civil War lasted until 1880. After World War I, "postwar dislocations" were not ironed out until 1936. All in all, each period extended over nearly a generation.

The Phases of Postwar Economy

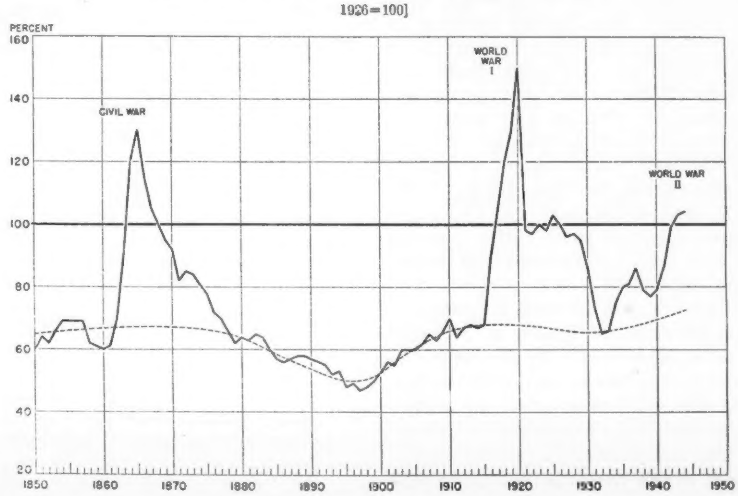
Both the Civil War and World War I left some maladjustments that were temporary and more or less superficial, and others that remained in the economy like a hidden infection, with delayed action. Not all the aftermath of war was destructive, however. Both wars stimulated technological progress and expansion of mass production of staple commodities.[2] Economic development after both wars was characterized by acceleration of prewar trends and by violent clashes of inflationary and deflationary forces.

If the length of a full business cycle is measured by the distance between the two low points of factory employment (a simplification of the method recommended by the National Bureau of Economic Research) five cycles may be distinguished in the 20 years following the Armistice in November 1918 (chart 2): February 1919–January 1921, with a peak in March 1920; January 1921–July 1924, with a peak in June 1923; July 1924–January 1928, with a peak in September 1926; January 1928–March 1933[3] with a peak in September 1929; March 1933–June 1938, with a peak in August 1937.

Closer examination reveals that the

Chart 1.—*Variations in wholesale prices, 1850–1945*

1926=100]



*Principal Consulting Economist, Bureau of Employment Security.

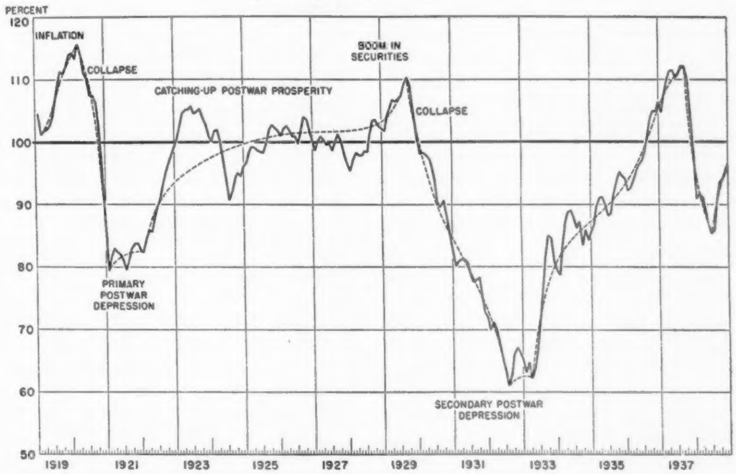
[1] A similar tide of inflation occurred in 1812, also during a war.

[2] Mass production of clothing of standardized size was invented during the Civil War. Assembly lines were introduced in many industries during World War I. Plastics and chemistry have triumphed during World War II.

[3] The second low point of the depression; the preceding low was in July 1932. Since the spell between the two points cannot be described as a distinct cycle, it should be added either to the descending slope of the preceding cycle or to the ascending slope of the following cycle. The writer prefers the first method.

Chart 2.—*Variations in employment in manufacturing industries, 1919–38*

[Monthly average 1923–25=100]



set-backs from June 1923 to July 1924 and from September 1927 to January 1928 were rather mild in comparison with those in 1920, 1930–32, and 1937. The period from January 1922 to March 1932, therefore, may be regarded as one major cycle with the peak in September 1929, overlapped by minor fluctuations. This simplified pattern of economic ups and downs after World War I is illustrated by the free-hand dotted line in chart 2.

A significant relationship appears between the trend in factory employment (the dotted curve in chart 2) and variation in wholesale prices (chart 1). The rise in employment after the end of the war, with the peak in March 1920, corresponds to the rise and peak of inflation immediately after the Armistice, the contraction of employment in 1921 corresponds to the collapse of wartime price inflation. The expansion period from 1922 to 1929 shown in chart 2 corresponds to the period of relative stability of prices in chart 1, and the descending slope of the employment curve from September 1930 to 1932 parallels a similar movement of prices.

The two major depressions between World Wars I and II have been designated in chart 2 as primary and secondary postwar depressions, while the economic expansion from 1922 to 1929 is termed picking-up postwar prosperity. "Postwar" is used here to indicate that both depressions as well as the era of prosperity between them were consequences of the war. The objective of the following analysis is to check this contention and to show to what extent World War I was responsible for economic developments in the 1920's and 1930's.

Experience in that decade has been described in great detail by the Committee on Recent Economic Changes of President Hoover's Conference on Unemployment. Wesley C. Mitchell summarized the Committee's report as follows: "What has been happening in the United States is the latest phase of cumulative processes which have dominated western life since the Industrial Revolution got under way. Powerful as these processes are, they were appreciably influenced by the sudden outbreak of the war and by the sudden return of peace. By changing the conditions amidst which the old influences worked, these world shocks contributed to strange results." [4] In the light of more recent events, economic developments in that decade appear still stranger than they appeared when these words were written, shortly before the 1929 collapse.

The Primary Postwar Depression (1921–22)

Immediately after the Armistice in November 1918, appreciable cut-backs occurred in coal mining and the iron and steel industry as well, of course, as in munitions production and shipbuilding. A feeling of uncertainty was widespread, but, "although workers and employers feared the worst, actually there was little distress." [5]

Early in 1919, Wesley C. Mitchell writes, "there was grave uncertainty regarding the trend of affairs. . . But, early in the spring, signs of eager demand for consumers' goods began to appear. In April, Federal Reserve agents reported that 'the business community has given up the thought that it may profitably await a further considerable reduction in prices . . .' The underfed European populations bid eagerly for our foodstuffs; also they were short of raw materials for their mills . . . Domestic demands were scarcely less keen . . . there was need for buying more than the customary quantities of clothing, household furnishings and other semidurable comforts . . . and there was pressing call for more houses . . . For a time customers were willing to pay almost any price for prompt deliveries. Employment had been full for three years, soldiers commonly had substantial sums due them when mustered out, new jobs were readily had at high money wages, everyone seemed tired of economizing. Under these circumstances, 1919 developed into a great trading year." [6]

All in all, contractive forces dominated the first half of this year and expansive forces, the second half.

Essentially, the economic trends in 1919 were determined by the progress of demobilization and reconversion. Quarterly variations in gross national product and its distribution between war and civilian needs in that year, as compared with those in 1918, were as follows:[7]

Year and quarter	Annual rates [1] (in billions)		
	Gross national product	War output	Nonwar output
1918			
First quarter	$41.7	$7.4	$34.3
Second quarter	42.3	9.3	33.0
Third quarter	42.5	10.3	32.2
Fourth quarter	40.5	11.6	28.9
1919			
First quarter	40.9	9.0	31.9
Second quarter	40.2	6.7	33.5
Third quarter	43.0	4.2	38.8
Fourth quarter	42.3	1.8	40.5

[1] In terms of 1914 dollars.

[4] *Recent Economic Changes in the United States, Report of the Committee on Recent Economic Changes, of the President's Conference on Unemployment,* 1929, Vol. 2, p. 842.

[5] Stewart, Stella, *Demobilization of Manpower, 1918–19,* U. S. Bureau of Labor Statistics, Bulletin No. 784, p. 19.

[6] *Recent Economic Changes,* Vol. 2, pp. 849–850.

[7] Kuznets, Simon, *National Product in Wartime,* National Bureau of Economic Research, Inc., No. 44, 1945, p. 138.

After a short spell of contraction, cut-backs in war production were more than offset by the expansion in peacetime industries. Factory employment declined 15 percent from the war peak (third quarter, 1918) to the low point (second quarter, 1919),[8] but the index of average monthly employment in 1919 was only 3 percent below the average for the preceding year (table 1). The apparent absence of unemployment at that time seems to indicate that the lay-offs in munitions industries and release of men from the armed forces were offset by withdrawal of emergency war workers, the pending demand for labor (unfilled jobs), and expanding peacetime production.

The growth of national income in 1919 was due largely to an advance in prices; the great problem was the continuous rise in the cost of living. This was also the immediate cause of the bitter and violent industrial disputes in 1919 and 1920, especially in coal mining, steel, and clothing industries, and in telephone and railroad services. The great trading year 1919 was also a year of runaway inflation and social turmoil.

By the time the inflationary postwar boom reached its peak in the winter of 1919–20, disorganization of the economic system was evidenced by the low output per worker. The available statistics of productivity of labor show either stagnation or decline in technological progress during the war. Wesley C. Mitchell regards these developments as testimony that "both employment and labor were deplorably lax" and suggests that during the war we had "neglected our industrial equipment for civilian production and made but few improvements in methods."[9]

The postwar boom was brief. Stock prices collapsed first, by the end of 1919. The downturn in wholesale prices came 6 months later. By the autumn of 1920 a severe industrial depression had developed. Factory employment dropped 30 percent from March 1920 to July 1921. Unemployment rose above 4 million. Two years after the end of the war, more workers were out of jobs than ever before in the United States.

Table 1.—*Primary postwar depression: Selected business statistics, 1917–22*

Item	1917	1918	1919	1920	1921	1922
	Amount (in billions)					
Federal budget:[1]						
Receipts	$1.1	$3.7	$5.2	$6.7	$5.6	$4.1
Expenditures	2.0	12.7	18.5	6.5	5.5	3.8
Surplus (+) or deficit (−)	−.9	−9.0	−13.4	+.2	+.1	+.3
Foreign trade:						
Exports	6.2	6.1	7.9	8.2	4.5	3.8
Imports	2.9	3.0	3.9	5.3	2.5	3.1
National income[2]	51.3	60.4	65.9	74.0	63.4	65.9
	Index numbers (1918=100)					
Manufactures:						
Employment, United States	-------	100	97	98	75	82
Employment, New York City	98	100	93	97	76	81
Production	101	100	97	101	77	101
Prices:						
Wholesale prices	93	100	106	118	74	74
Cost of living	85	100	116	133	119	111
Stocks (New York Times)	109	100	118	115	93	113
	Number					
Commercial failures:						
Monthly average number	1,154	832	538	740	1,638	1,973
	Amount (in millions)					
Monthly average liabilities	$15	$14	$9	$25	$52	$52

[1] Ordinary receipts and expenditures for year ended June 30.

[2] Total realized income. (*Recent Economic Changes*, Vol. II, p. 763.)

The origin of the 1921 depression was as clear as that of the boom of 1919. The boom was caused by the run-away inflation, the depression was caused by the boom. The unusual severity of unemployment was due to the protracted rise of prices after the war ended.[10]

Apart from the overdue readjustment of prices, the 1921 depression brought significant changes in organization of industrial enterprises. In view of falling prices and relatively stable wages, manufacturers were compelled to improve the technique of production, to introduce labor-saving devices, to streamline organization. The "assembly line," which before the war had been the trademark of the automobile industry, was introduced in other branches of production. Industry emerged from the temporary slump vigorous and ready for expansion.

In the summer of 1922, production began to rise. By the end of the year, unemployment dropped almost to the prewar level. Mass unemployment, however, had left bitterness and frustration, particularly among ex-servicemen, who sincerely believed that they had fought to make the world safe for democracy and found themselves without jobs after they came home.

In retrospect we see that the depression of 1921–22 might have been avoided or at least partly ironed out by a far-sighted economic policy in 1918–20. In fact, the immediate aftermath of the war economy could have been liquidated smoothly and more economically, and the necessary technical and administrative improvements in industrial production could have been introduced gradually, without mass lay-offs of workers, if prices had been kept under control during the war and, in particular, after the Armistice. Likewise, if there had not been the continuous rise in living costs, violent clashes between labor and management could have been prevented more readily. Social tur-

[8] *Recent Economic Changes*, Vol. 2, p. 464. The Brookmire Economic Service estimated average unemployment in 1919 at 75,000 (as compared with more than 2 million in 1914), defining unemployment as the difference between the "actual employment" and the "probable maximum employment" (or "full employment").

[9] Ibid., p. 851.

[10] Mitchell, comparing fluctuations in prices after the first World War with those after the Civil War, shows that in 50 years we had learned little about handling economic problems. "At the close of the Civil War, wholesale prices had fallen from 216 in January, 1865, to 158 in July—a drop of over 25 percent in 6 months. That fall produced no grave crisis . . . Perhaps if the fall had come soon after the Armistice, when many expected it and almost everyone was cautious, it would have passed off much as in 1865. But prices had risen in 1919, the volume of trade had expanded, profits had been high, the preliminary warnings of the Federal Reserve banks had been ineffectual, and, when the turn came, many business enterprises were caught with heavy inventories and heavy future commitments." (*Recent Economic Changes*, Vol. 2, p. 852.)

moil and the 1921–22 depression had a common source in run-away inflation.

After the inflation had proceeded to the point it reached in the spring of 1920, economic balance could hardly have been restored without drastic deflation. Such a deflation could certainly have been postponed by measures to prolong the inflation. Unless this policy had been carried on indefinitely, however, readjustment would have had to come later, and it is not unlikely that protracted inflation would have brought more costly economic dislocations than the depression of 1920–21. The calamity could have been avoided only by preventive measures. In this sense, the economic losses and suffering during the 1921–22 depression were the price the Nation paid for the inadequacy of economic controls in 1918–20.[11]

Postwar Prosperity (1923–29)

The general trend in 1923–29 was upward, with a steep slope in the early and final stages and a nearly level plateau in the middle (chart 2). The expansion began with the revival after 1922 and ended at the lofty peak in September 1929, on the eve of the stock-market collapse. Despite minor set-backs in 1924 and 1927, this period gave contemporary observers the impression of steady progress and was interpreted as an "era of prosperity." After that prosperity had burst like a soap bubble, it was to be known as a "fools' paradise."

When we speak of full employment in postwar America, we think of something different from the situation in the 1920's. It is therefore necessary to look more closely at the main trends of that time, as they appeared to contemporaries and appear now in the light of subsequent events.

Contemporary Views of the Expansion

When the Committee on Recent Economic Changes completed its report, the glorious era of prosperity was nearing its end and the Committee was not unaware of approaching danger.

"During the later months of the period covered by the survey," it pointed out, "a new tendency has been observed. Investors, as well as a large body of speculators, have invested through the Stock Exchanges not only their savings, but the proceeds of loans secured through banks and brokers, until the credit structure of the country has been sufficiently weighted to indicate a credit stringency, resulting in an abnormally high rate for call money and an appreciable increase in the rate of interest for business purposes. The consequences of this process cannot be measured at this time, but they are factors in the problem of maintaining economic balance. . ."[12]

Otherwise, the report describes the economic system as fundamentally sound, full of vitality, capable of practically illimitable expansion. In spite of the "spotty" character of gains, and "difference in activity as between groups and areas and industries, the rising standard of living characteristic of this period was widespread, and has reached the highest level in our national history."[13]

The Committee held that the unprecedented economic expansion in the 1920's was due mainly to technical progress including the widespread development of electric power. Financial conditions also favored expansion of production: "Stimulated by the urge for funds to finance the vast production program of the United States during the World War, the number of shareholders in the country's business enterprises has, it is estimated, grown from about 2 million to more than 17 million; and out of increasing incomes these investors have continued to pour their savings into the stream of credit."[14]

Most fortunate, according to the report, was the synchronizing of a high wage level and a stationary cost of living. "With rising wages and relatively stable prices we have become consumers of what we produce to an extent never before realized."[15]

"In the early postwar period," the report continues, "much of the press and many employers demanded a 'liquidation' of labor. It was freely declared that business could not settle down until wages were brought back to prewar levels. Labor had enjoyed a higher standard of living and naturally opposed wage cuts. This might have precipitated a period of serious strife, had it not been that leaders of industrial thought, watching the trend of affairs, noted that the result of the continuance of high wages was that the *dammed-up purchasing desires which had been held back during the war on account of the national economic program, burst forth and not only the high wages which were being currently earned but accumulated savings as well were poured into the channels of commerce.* They were quick to grasp the significance of the power of the consumer with money to spend to create an accelerated cycle of productivity. They began consciously to propound the principle of high wages and low costs as a policy of enlightened industrial practice."[16]

"The survey has proved conclusively . . . that wants are almost insatiable; that one want satisfied makes way for another . . . We seem only to have touched the fringe of our potentialities."[17]

"During the past few years equilibrium has been fairly well maintained . . . There has been balance between the economic forces—not perfect balance, but a degree of balance which has enabled the intricate machine to produce and to serve our people."[18]

The Committee's optimism did not keep it from noticing serious maladjustments, however, such as overexpansion of speculation and the unsatisfactory situation of farmers,[19] but its tendency was to underrate the danger of these maladjustments and to over-

[11] *Price-Control Bill: Hearings Before the House Committee on Banking and Currency* (77th Cong., 1st sess.), 1941, revised, Part 1, pp. 225–233.

[12] *Recent Economic Changes,* Vol. 1, p. XII.

[13] Ibid., p. X.

[14] Ibid., p. XII.

[15] Ibid., p. XIV.

[16] Ibid. Italics supplied.

[17] Ibid., pp. XVIII–XIX.

[18] Ibid., p. XXI.

[19] Wesley C. Mitchell describes their situation as follows: ". . . American farmers gained greatly in relative economic status between the beginning and the end of the war, though, even at their peak, agricultural incomes per capita remained far below the national average. The catastrophic drop from 1919 to 1921 wiped out all of this gain and considerably more. If our estimates are reliable, by 1925 farmers had won back to their prewar position in comparison with average per capita incomes in other occupations, but they were by no means so well off as in 1919–20 . . . the not unfavorable income comparison which 1925 makes with prewar years is due to the use of shrinking per capita figures for farmers and swelling per capita figures for the total population. An industry which keeps up its per capita quota of the national income because thousands of workers withdraw from it cannot be regarded as flourishing." (*Recent Economic Changes,* Vol. 2, p. 883.)

rate the stability of the economic system. In brief, the report reflects the widespread conviction in the 1920's that the United States had discovered the philosophers' stone of perpetual prosperity.

Present View of the Expansion

The collapse in the autumn of 1929 cast new light on the prosperity of the preceding decade. It appears now as a spell of postwar expansion, accelerated at first by liquidation of war savings and a real estate boom and, toward the end, by the boom in stock speculation. The principal expansive forces of that period stemmed from the war: deferred demand for durable goods; postponed repairs of houses and commercial buildings; accumulated savings and liquid business reserves; capital investment delayed because of shortage of labor and raw materials; and growth of new industries.

Production of durable goods, including houses and capital goods, had to make up not only for the brief spell of our actual participation in World War I but also for the periods of uneasiness and uncertainty before the United States entered the war and after the Armistice—in all, at least 7 years. It is hardly possible to measure the backlog in dollars and man-years of work, but probably the demand accumulated during those 7 years was sufficient to bolster production for an equal time on a level some 40 percent above what would have represented current demand.

In fact, the characteristic of the period from 1923 to 1929 is a striking expansion of production of durable goods in comparison with nondurable goods. Taking the average for 1935 to 1939 as 100, indexes of the two branches of manufacturing production varied as follows:

Year	Federal Reserve index (1935–39=100)		Ratio of index for durable to index for nondurable goods
	Durable goods	Nondurable goods	
1921	53	57	0.94
1922	81	67	1.21
1923	103	72	1.43
1924	95	69	1.38
1925	107	76	1.41
1926	114	79	1.44
1927	107	83	1.29
1928	117	85	1.38
1929	132	93	1.42

The abundance of money in the 1920's was likewise a consequence of the war. Although most of the small wartime savings were lost in inflation and real estate speculation, fortunes of big war profiteers remained ready for investment or new speculation. There was also the spirit of adventure and a readiness to take chances—especially with borrowed money. Money was almost as easy after the war as in 1917–18.

Stimulating expansion, these factors at the same time undermined stability of the economic system. Deferred demand was bound to be satisfied, sooner or later, leaving a vacuum in outlets for current production. Expansion of credit and speculative gains in the stock market could exercise an invigorating effect on the national economy for a few years but not indefinitely. Meanwhile these factors concealed fundamental maladjustments in the economic system such as the increased indebtedness and high production costs in agriculture; the artificially high prices in industries dominated by monopolistic forces; and expansion of the capacity of particular industries far beyond the current demand for their product.

The stupendous rise of the automobile industry typifies the period. Apart from a minor set-back in 1927 the output of motor vehicles increased steadily—from 2.5 million in 1922 to nearly 5.4 million in 1929—and the number of registered cars rose from 12.2 million to 26.5 million, generating a steadily growing demand for gasoline, development and maintenance of roads, repair and storage services, and the like. The expanding automobile industry thus contributed to the growth of other industries.

That growth was bound to slow down, however, after the saturation of demand. To some extent, this is a trend in all new industries, but the contraction in the automobile industry was particularly disturbing, for its expansion had been exceptionally rapid. In retrospect, it is obvious that it would have been better for the American economy as a whole if the annual production of automobiles in the 1920's had not exceeded 3 or 3.5 million.

Generally speaking, the characteristic of the 1920's was the overexpansion of certain industries rather than an excessive over-all rate of economic progress. Until 1928, real per capita income[20] remained below the peak a decade earlier, during the war. In 1928 real per capita income was only a little above the trend, indicating a dramatic retardation in economic progress in comparison with the last three decades of the nineteenth century. The rise from 1922 to 1929 was steep not because its final point was particularly high but because it started far below the trend line. In other words, the steep rise from 1922 to 1929 was a reaction to the steep decline from 1918 to 1922.

The collapse in the autumn of 1929 cannot be explained by the excessive speed of economic growth in the preceding period. If this had been the sole or the chief maladjustment, equilibrium might have been restored by slowing down further advance for 2 or 3 years, without an appreciable set-back in production.

The fundamental weakness of the expansion in the 1920's was in the plight of the farmers and in the steadily widening gap between the current output of goods and services and the purchasing power currently generated by their production and distribution. Despite the policy of high wages, the share of wages in the value of industrial products declined steadily as a result of progressive displacement of human labor by mechanical devices.

Population increased in the 1920's at a rate of somewhat more than 1 percent annually. The equilibrium of the economic system required a similar rate of annual increase of employment—that is, a gain of about 500,000 per year, or 3 million from 1923 to 1929. However, employment in the main industrial divisions varied from 1919 to 1929 as follows:[21]

Industry	Average number of workers (in thousands)		
	1919	1923	1929
Agriculture, total	11,106	11,385	11,289
Family workers	8,322	8,491	8,305
Hired workers	2,784	2,894	2,984
Wage earners in manufacturing, mining, and steam railroads, total	11,322	11,076	10,835
Manufacturing	8,418	8,195	8,369
Mining	824	904	712
Steam railroads	2,079	1,977	1,755

All the addition to the labor force was directed to building construction, trade, and service industries, and,

[20] As computed by Robert F. Martin, *National Income in the United States, 1799–1938*, National Industrial Conference Board Studies No. 241, 1939, pp. 6, 7.

[21] *Handbook of Labor Statistics, 1941 Edition*, U. S. Bureau of Labor Statistics, No. 694, Vol. 1, p. 179, and Vol. 2, p. 8.

since the work opportunities in these industries could not keep pace with the growing labor force, a persistent and large volume of unemployment remained throughout the whole period of prosperity.[22]

The share of wages in income paid out in manufacturing, mining, and railroad transportation declined steadily. At the beginning of expansion—perhaps from 1923 to 1926—the additional purchasing power necessary for keeping the wheels of production rolling was provided by increasing earnings in service industries,[23] war savings, business reserves, expansion of credits (especially for home building), and the demand for American products abroad. Later, these factors were dwarfed by the fabulous gains from stock-exchange speculation.

From 1922 through 1924 the rise in the stock market kept pace with the general economic expansion. Beginning with 1925, stock prices began to outrun the capitalized value of dividends of the respective concerns. In 1928, when the average price of securities was more than double that in 1924, the situation became alarming, and the Federal Reserve Board increased the discount rate to discourage speculation. The new discount rate (5 percent per annum) was trivial, however, in comparison with gains which could be made at that time by gambling with borrowed money. In the summer of 1929 the average price of stocks was more than double the average for 1926, and more than triple that for 1924 (see table 1). The market value of all shares listed on the New York Stock Exchange advanced from $27 billion in December 1924 to $38 billion in December 1926 and to $90 billion in August 1929.

Assuming that security prices as of December 1926 represented roughly the capital value of the respective concerns, it appears that in August 1929 stockholders held approximately $52 billion in fictitious values, gains from stock speculation in 2½ years. During the 12 months before the collapse, the stock exchange yielded $32 billion in profits. Measured in net profits, security speculation not only became the biggest single business in the United States but overshadowed all other businesses combined. In fact, gains from stock-exchange speculation were five times as much as the combined dividends in manufactures, mining, wholesale and retail trade, railroads, telegraph and telephone companies, and insurance and banking, including trust companies, which in their turn specialized in security speculation.

There is no precise information on the distribution of speculative gains among different groups of the population. It is fairly probable, however, that billions of dollars of such gains were pooled with dividends and other capital income—to some extent even with wages and salaries in higher income brackets—and the total amount was partly spent, partly saved, and partly used for further speculation. By creating supplementary purchasing power over the whole era of prosperity, and especially in its final phase, speculation provided outlets for goods which could not be sold to the people engaged directly in production or distribution and opened new opportunities for investments.

In brief, the prosperity of the 1920's was a tower built on the sands of progressive *inflation*. The fact that there was no price rise at that time does not change the basic character of that era.[24] It was inflationary and doomed to collapse because, at that time, not only further expansion of production but also maintenance of the existing level depended on the continuous expansion of credit and accumulation of fictitious gains from security speculation.

The Secondary Postwar Depression (1930–36)

Very few contemporary observers suspected that the panic which broke out on the stock exchange in September 1929 was the end of one era in the economic history of the United States and the beginning of another.

The progress of depression.—The first symptoms of the approaching downturn in business conditions appeared in the building industry. Construction of houses reached the peak in 1925 and then declined slowly. The value of contracts awarded for buildings of all types (in 37 States) began to decline in the second half of 1928. The loss in 1929 was particularly sharp.[25] The fact that the cycle in building activities had entered the contractive phase did not alarm the business world, however, since in nearly all other fields expansion was gaining momentum—industrial output and factory employment rose from month to mouth, and security prices went up day by day.

The panic on the stock exchange in September 1929 came unexpectedly. For the first day or two, losses were more or less spotty; some securities resisted more than others; some concerns succeeded — temporarily—in protecting the price of their shares. But finally all stocks were carried down by the irresistible avalanche of sales. The stock-prices index of the *New York Times* fell in 2 months from 301 to 199; the market value of shares listed on the New York Stock Exchange dropped from $90 billion in August to $64 billion in November.

Although this was the most far-reaching "liquidation" in the history of the stock exchange, its immediate consequences for the economy of the United States were not spectacular. The number of bank suspensions and commercial failures rose somewhat, and industrial production and factory employment declined. These reactions were comparatively mild, however.

Officially, the depression was not recognized until the summer of 1930. The Department of Labor, for example, minimized the significance of the decline in factory employment in October 1929, pointing out that the loss was due mainly to the reduction of personnel in the automobile and automobile-tire industries.[26] In November there was an unusually sharp seasonal decline.[27] No explanation was given for the 3-point drop in December, but analyzing the labor market in January 1930 the *Monthly Labor Review* emphasized that the observed contraction in employment was seasonal.[28] In February only an

[22] *Recent Economic Changes*, Vol. 2, p. 478.

[23] According to the Department of Commerce, compensation of all employees for the years 1923–29 represented 63.3, 62.8, 61.3, 63.3, 64.1, 63.0, and 63.7 percent, respectively, of the total national income.

[24] The inflation of the 1920's had an indirect effect on prices inasmuch as it prevented and postponed their return to the prewar level (see chart 1).

[25] Wickens, David L., and Foster, Ray R., *Nonfarm Residential Construction, 1920–1936* (National Bureau of Economic Research, Bulletin No. 65, Sept. 15, 1937).

[26] *Monthly Labor Review*, December 1929, p. 169.

[27] Ibid., January 1930, p. 150.

[28] Ibid., March 1930, p. 150.

unusually small seasonal growth of employment was perceived.[29] The April changes seemed again to follow "the most general seasonal trends." [30] No comments on business trends were given in subsequent monthly surveys of employment.

The road the United States traveled from the peak of prosperity in 1929 to the depth of depression, and then back uphill to recovery, is outlined in table 2. The tempo of the decline in production and other economic activities was uneven, and the prevailing trend may be described as a series of consecutive spasmodic contractions.

The spring of 1930 brought a stock-market revival. Security prices recovered almost 40 percent of their losses. The upturn in the index of industrial production, especially in durable goods and in employment and pay rolls in durable goods industries, seemed to indicate that business conditions were improving. All illusions, however, were dispersed by a new collapse of the stock market that began in May 1930 and continued at an accelerated pace to the end of that year. Although not quite as abrupt as the panic in September–November 1929, this set-back proved as destructive: from May to December 1930, $26 billion in market value of shares was wiped out.

The new losses caused serious difficulties for banks. More than 1,000 banks suspended operations in 1930, and the amount of deposit liabilities jumped from $240 million in 1929 to $860 million in 1930. Some symptoms of improvement became apparent in the first half of 1931. Production and factory employment went up; for several months security prices remained fairly stable, at about 40 percent below the 1929 peak but not much below

[29] Ibid., April 1930, p. 174.
[30] Ibid., June 1930, p. 200.

Table 2.—*The great depression: Selected business statistics, 1929–38*

Year and month	Economic indexes										New York stock prices (dollars per share)	Market value of shares on New York Stock Exchange (in billions)	Failures		
	Income payments[1] (1929=100)	Manufacturing production (1935–39=100)		Wage-earner employment in manufacturing industries (1939=100)			Wage-earner pay rolls in manufacturing industries (1939=100)			Wholesale prices (1926=100)			Bank suspensions		Number of commercial concerns
		Total	Durable goods	Total	Durable goods	Nondurable goods	Total	Durable goods	Nondurable goods				Number	Deposit liabilities (in millions)	
1929															
January	98	103	120	101.7	111.9	93.7	112.6	118.6	106.8	95.9	$238	$71	54	$16	2,535
April	99	116	144	106.7	119.6	96.6	123.8	136.4	111.6	95.5	243	74	29	8	2,021
July	101	112	139	107.4	121.0	96.7	117.8	127.4	108.5	96.5	282	82	69	66	1,752
October	102	114	132	109.1	119.3	101.0	123.4	131.7	115.3	95.1	269	72	43	13	1,822
1930															
January	100	95	105	98.2	105.0	92.8	104.7	105.7	103.8	92.5	211	69	99	29	2,759
April	96	102	119	97.4	105.2	91.3	106.9	112.5	101.5	90.0	240	75	96	33	2,198
July	93	87	94	90.5	95.7	86.4	92.3	91.8	92.7	84.4	198	67	65	32	2,028
October	89	84	83	88.8	89.7	88.1	90.0	86.4	93.5	83.0	169	55	72	25	2,124
1931															
January	85	74	71	80.1	80.1	80.2	76.3	68.6	83.8	78.2	152	52	202	77	3,316
April	89	83	84	81.3	80.5	81.9	81.0	75.0	87.0	74.8	145	49	64	42	2,383
July	80	74	66	77.8	74.4	80.4	72.2	62.2	82.0	72.0	129	44	93	41	1,983
October	74	68	54	75.5	69.0	80.7	67.1	55.4	78.6	70.3	96	34	522	471	2,326
1932															
January	71	61	48	70.1	64.3	74.6	58.6	47.3	69.7	67.3	74	26	342	219	3,458
April	66	58	46	67.9	61.6	72.8	53.8	42.9	64.6	65.5	53	20	74	32	2,816
July	61	50	36	61.1	55.5	65.5	43.9	34.1	53.4	64.5	40	20	132	49	2,596
October	59	59	38	67.2	55.0	76.9	49.7	34.6	64.5	64.4	56	23	103	20	2,273
1933															
January	58	54	35	63.3	52.9	71.6	43.7	31.9	55.2	61.0	59	23	241	135	2,889
April	55	58	42	63.9	53.1	72.5	43.9	32.0	55.5	60.4	60	27	--------	--------	1,902
July	58	84	74	76.3	66.3	84.1	57.2	46.0	68.1	68.9	88	33	--------	--------	1,375
October	61	73	61	84.6	75.4	91.9	66.3	53.8	78.	71.2	80	30	--------	--------	1,167
1934															
January	66	67	55	78.8	72.1	84.1	60.9	50.0	71.5	78.3	88	37	--------	--------	1,317
April	65	82	80	88.8	84.9	92.0	75.6	69.2	81.8	78.6	92	36	--------	--------	1,020
July	66	71	63	86.4	83.2	88.8	68.2	59.5	76.6	78.4	83	31	--------	--------	870
October	67	71	55	86.0	76.8	93.2	69.4	55.9	82.6	78.0	82	32	--------	--------	1,039
1935															
January	69	80	73	86.8	81.4	91.0	73.2	64.0	82.3	77.7	86	33	--------	--------	1,146
April	70	85	83	91.3	88.9	93.1	80.9	75.3	86.3	77.2	86	34	--------	--------	1,083
July	70	83	76	88.8	85.7	91.3	74.9	67.6	82.1	78.0	99	39	--------	--------	902
October	73	95	92	95.3	92.9	97.2	86.2	81.7	90.6	78.3	108	43	--------	--------	1,056
1936															
January	76	90	89	92.4	92.2	92.5	83.5	80.2	86.6	78.8	116	50	--------	--------	1,077
April	77	101	107	95.5	97.0	94.3	89.6	90.8	88.4	80.1	122	48	--------	--------	830
July	87	103	109	98.4	100.8	96.5	90.7	91.3	90.0	79.4	131	54	--------	--------	639
October	83	114	120	105.0	106.7	103.6	100.8	102.8	98.9	80.5	138	59	--------	--------	611
1937															
January	85	113	118	104.8	108.6	101.8	102.6	104.8	100.5	80.6	139	62	--------	--------	811
April	88	124	137	111.4	119.1	105.3	119.0	129.9	108.2	79.7	131	58	--------	--------	786
July	89	118	130	110.9	120.0	103.7	114.1	123.1	105.2	80.5	131	59	--------	--------	618
October	88	109	117	110.4	118.9	103.7	113.8	124.1	03.6	81.5	100	45	--------	--------	768
1938															
January	82	78	70	91.1	91.5	90.7	81.8	77.3	.1	85.9	91	39	--------	--------	1,377
April	79	80	72	89.4	86.8	91.4	81.6	75.6	87.4	88.0	82	36	--------	--------	1,172
July	78	83	69	86.0	79.7	90.8	77.8	67.9	87.5	87.9	99	45	--------	--------	1,038
October	81	99	92	94.3	89.9	97.7	92.2	87.1	97.2	85.4	105	47	--------	--------	997

[1] Adjusted for seasonal variation.

Table 3.—*The great depression: Losses in national income*

(In billions)

Year	Actual national income (Department of Commerce)		Hypothetical national income [1] at average prices, 1935–39	Actual national income less than hypothetical (at average prices, 1935–39)
	At current prices	At average prices, 1935–39		
1927	$76.2	$61.9		
1928	80.1	64.8	$64.8	
1929	83.3	68.0	66.1	
1930	68.9	57.9	67.4	$−9.5
1931	54.5	50.9	68.7	−17.8
1932	40.0	41.6	70.1	−28.5
1933	42.3	45.7	71.5	−25.8
1934	49.5	50.5	72.9	−22.4
1935	55.7	56.0	74.4	−18.4
1936	64.9	65.2	75.9	−10.7
1937	71.5	69.0	77.4	− 8.4
1938	64.2	64.1	78.9	−14.8
1939	70.8	71.8	80.3	− 8.5

[1] Assuming annual 2-percent growth of the national income.

the level in the middle of 1928. The large number of business suspensions and failures at the beginning of 1931 was due to the repercussions of the blow suffered in the preceding year, rather than new difficulties.

In the middle of 1931, stock prices again dropped, and losses spread to the bond market, which had not been affected earlier. From March to December 1931, holders of shares registered in the New York Stock Exchange lost $27 billion, and an additional $11 billion was lost in the market value of bonds. The volume of industrial production continued to decline, especially in manufacture of durable goods; factory employment and pay rolls continued to fall; agricultural prices sank, in many cases to a level which made continuation of production impossible; commercial failures, foreclosures of farm mortgages, and bank closings became more and more usual.

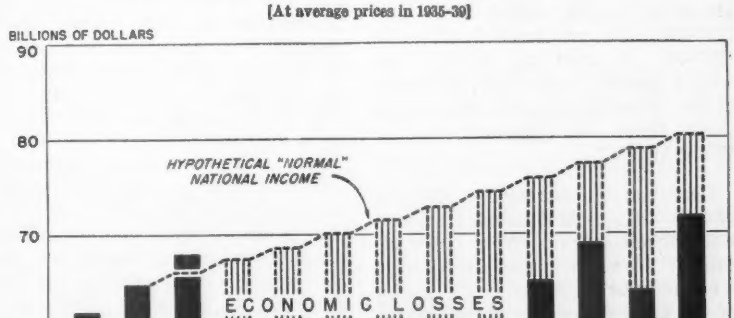
In the summer of 1932 the contraction came to a standstill. The depression seemed to have reached rock bottom. Rising industrial production and factory employment (in industries of nondurable goods) in the third quarter of 1932 suggested that recovery was around the corner (see chart 2). Security prices began to inch up (see table 2). Soon, however, this upward movement was interrupted by new set-backs in all these areas. In March 1933, panic broke out, and all banks in the Nation were compelled to suspend payments.

This was the turning point. With the reopening of the banks and the establishment of dramatic measures by the new Administration, confidence was reborn in the people, production was resumed, employment began to rise. So rapid was the initial recovery that in 6 months employment returned to the level at the end of 1930. Then the upward movement slowed down. At least 3 years more elapsed before the United States returned to a more or less satisfactory level of economic activity and employment. All in all, the 7 fat years (from 1923 to 1929) were followed by 7 lean years.

Economic losses.—The depression of the 1930's was unique in the history of the United States in the extent of contraction of economic activities, the severity of unemployment, and the losses in national output and income. At the low point (summer of 1932) manufacturing production was less than 50 percent of the predepression volume. The number of workers then unemployed was estimated at 12 to 15 million. Perhaps as many more had only part-time work. Accordingly, about one-third of the working population was fully employed, about one-third was partly unemployed, and only about one-third worked as usual.

Chart 3.—*Losses in national income during the depression*

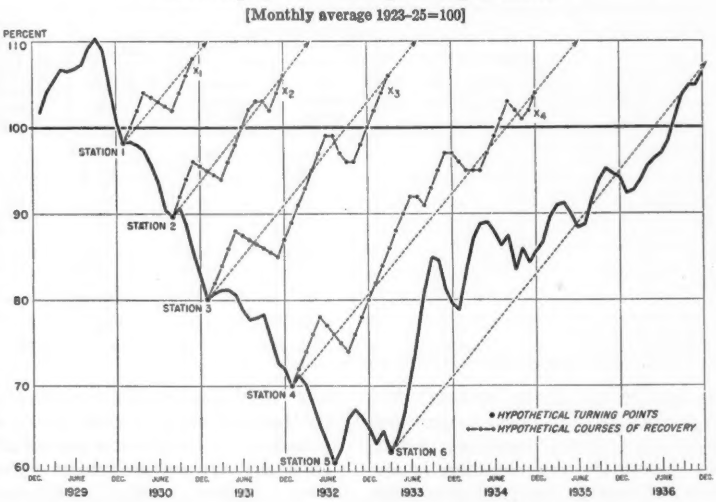
[At average prices in 1935-39]



676822—46——4

Chart 4.—*The great depression and hypothetical courses of recovery: Index of wage-earner employment in manufacturing industries*

[Monthly average 1923–25=100]



The economic losses caused by the depression may be roughly estimated as the difference between the national income in the depression years and the hypothetical amount under the assumption that economic activities would have been stabilized at a given level, somewhat lower than the peak of 1929, and would have increased thereafter, keeping pace with population growth and technological progress. In order to eliminate the influence of falling prices, both the actual and the hypothetical national income should be expressed in dollars with steady purchasing power. In table 3, the 1928 national income is used as the bench mark and the annual rate of advance of hypothetical national income from this mark is set at 2 percent (see chart 3).

According to this estimate, the cumulative deficit in national income—in comparison with its hypothetical "normal" size—from 1930 to 1936 amounted to $133.1 billion, at average 1935–39 prices, and to $31.7 billion in 1937–39. In brief, the cost of the second postwar depression, in terms of loss of national income, was about three times our expenditures for World War I.[31]

Causes of the disaster.—A disaster of that magnitude demanded a thorough investigation. What were its causes? How could recurrence of such a calamity be prevented? The puzzle of the great depression is that, when the downward movement started, it could not be stopped for many years.

The problem is illustrated schematically in chart 4. The solid line shows monthly variations in factory employment from January 1929 through December 1936, analogous to the corresponding sections of chart 2. In its descending slope from the peak (September 1929) to the low point (July 1932) five steps are discernible, separated by halts or incipient upturns designated as "stations." Although this rhythm may have been due in part to seasonal factors, it is characteristic of the progress of the depression in its early phase. Each slowdown or temporary interruption of the contraction revived hopes for an early upturn. Could not any "station" have become the starting point for revival and recovery?

Assuming an upward movement roughly similar to that which finally developed after July 1932, with a setback in the following winter and a decisive upswing after March 1933, recovery might have followed the patterns X_1, X_2, X_3, or X_4. Pattern X_1 would have marked a very mild setback, suggesting that we had reached the stage of economic progress at which business cycles are practically ironed out. Pattern X_2 would have portrayed a set-back similar to that in 1924; pattern X_3, a depression of about the same severity as the primary postwar depression in 1921. If recovery had followed pattern X_4, the depression would have been of unprecedented violence but it would have cost the Nation about one-third less than the great depression actually did.

Why did none of these hypothetical patterns of recovery materialize? Why was each slight improvement in business conditions followed immediately by a new decline more disastrous than that preceding?

Reference to the maturity of our economic system does not solve the mystery. "Maturity" cannot strike a Nation as unexpectedly as lightning. The economic set-backs the United States had suffered since the beginning of this century, and especially those between the end of the war and the autumn of 1929, had been comparatively mild and short. In 1927 the contraction had been less severe than in 1924, and in 1924, less severe than in 1920–21. This is not the way in which the "maturity" would manifest itself.

Nor can the destructive character of the depression in the 1930's be explained by monopolistic tendencies and rigidity of prices and wages. In these respects, the situation in the 1920's differed only quantitatively from that in the early 1930's.

The writer believes that the clue to the mystery of the great depression must be sought in the particular features of the expansion of the 1920's.

The preceding analysis shows that expansion of production depended at that time on a progressive inflation of bank credits and security speculation. After several years of this type of prosperity, economic activities could not be continued at the existing level without continuous injection of new billions of dollars into circulation. The collapse of the security market in September 1929 had a dual effect on the national economy: it brought the influx of additional purchasing power to a halt and simultaneously eliminated scores of billions of dollars from the flow of income and wealth. This double shock naturally caused a violent contraction of luxury consumption and investment. The contraction of employment in industries directly affected by the set-back

[31] These figures serve only as illustrations. If, instead of the national income of 1928, that of the preceding year is taken as the bench mark of projection, and the normal annual growth of national income is set at 2.5 percent, losses from 1930 to 1936 would total $134.8 billion, and those from 1937 to 1939, $38.4 billion. On the other hand, the gain due to the expansion in 1928 and 1929 above the "normal" trend would amount to $4.4 billion. The final result would not differ much from that suggested by table 2 and chart 3.

in speculation resulted in considerable losses in purchasing power of the working population, provoked cutbacks in consumer goods industries, and caused a drop in agricultural prices. In short, the stock-exchange panic not only stopped the hidden inflation but also set a deflationary spiral in motion.

The liquidation of the inflationary economy of the 1920's was longer and much more costly and painful than the liquidation of war inflation, for four reasons.

(a) *The inflationary pressure of the 1920's.*—Inflationary pressure at the end of the prosperity era was much stronger than at the end of World War I. During the war, the Government spent $23 billion of borrowed money, but not all these expenditures flowed into the domestic economy. On the other hand, the speculation in the 1920's yielded $60 billion in stock prices and an additional $15 billion in bonds. All in all, including expansion of consumer credits, more than $80 billion was pumped into the economic system during the 7 years' expansion. At its end, the system required injection of an additional $3 billion a month to keep going at its existing level.

From the point of view of economic equilibrium, it is not essential that money continuously injected into circulation should come from gambling. It might have come from a more respectable source and yet have been equally dangerous. What is essential is that it did not come from production and distribution of real goods and services and that it therefore could disappear at any time. The pattern of economic activities in the late 1920's required a perpetual rise of the stock market or some other form of injection of easy money. The collapse of the market left the whole system hanging in midair, with commitments which could not be honored, industrial plants which could not be operated, stocks of goods which could not be sold, prices which could not be maintained.

(b) *The growth of debts.*—Price inflation in wartime tends usually to lighten the burden of private debts.[32] The inflationary process in the 1920's, by contrast, was characterized by accumulation of debts without price rise. From $96.7 billion in 1922, the net amount of private debts rose to $142.0 billion in 1929. The average rate of increase was about $7 billion a year. This rise involved not only continuous expansion of mutual commitments of business enterprises and individuals but also expenditure of future income in advance for current consumption or investment.

By the end of 1929, farm mortgages amounted to $9.6 billion, urban real-estate mortgages to $31.6 billion, short-term debts of corporations to $28.6 billion, commercial and individual loans (including those of stock-exchange brokers) to $19.8 billion, and consumer credit to $8.4 billion. This tower of debt was held up by the continuous influx of stock-exchange gains. When that influx stopped, the tower was bound to topple of its own weight.

(c) *Absence of other expansive forces.*—Liquidation of wartime inflation is facilitated by deferred demand and saved-up purchasing power. When war spending ceases, other expansive forces are set free and cushion the deflationary shock. This cushion did not exist after the collapse of the inflationary expansion in the 1920's, which left people without financial reserves and with debts for purchases made under the lure of installment sales.

(d) *Attitude of the public.*—Wartime inflation is always a temporary situation, a grim necessity, even if some persons may use it to enrich themselves. Few people believe that the war boom will last forever, and those with average—and even somewhat less than average—capacity for judgment are prepared to readjust themselves to normal conditions sooner or later. The expansion in the 1920's, on the contrary, was accepted by the public as a new economic pattern for the indefinite future. The first set-backs on the stock exchange did not shake this belief, and, as long as people lived in expectation of a prompt upturn, fundamental reforms which could have promoted recovery were impossible. More specifically, this public attitude blocked the way for such long overdue measures as rehabilitation of farmers, control of the security market, and reduction of hours of work.

In brief, the violence and duration of the depression of the 1930's are attributable to the cumulative effect of maladjustments which were left over after the last war and were aggravated by 7 years of continuous expansion of credit and run-away stock-exchange speculation. If caution, moderation, farsightedness, and wisdom are characteristics of maturity, it is far from clear how the prosperity of the 1920's and the depression of the 1930's can be interpreted as evidence of economic maturity of this country.

Lessons of Experience After the First World War

The course of economic developments after World War I should not be projected as a prophecy of dislocations that must come again. The present economic scene is in certain respects similar to that after November 1918, in other respects substantially different. To make full use of the lessons of experience after World War I, both the similarities and the differences should be taken into account.

The task of reconversion is essentially the same: demobilization of industry and of the armed forces; redistribution of manpower and other resources; readjustment of hours of work, prices, wages, and taxes; relaxation and eventual repeal of wartime controls. In these respects, the situation now is similar to that after World War I, the only difference being that all present problems are on a larger scale.

Past experience signals the dangerous shoals we shall pass in the course of reconversion: economic dislocation immediately after the end of the war, as in the winter 1918–19; a deeper economic set-back and perhaps acute social conflicts a couple of years later, after demobilization is completed, as in 1921; mass unemployment and misery still later, as in the 1930's, after a new era of prosperity during which industry has caught up with the demand accumulated during the war.

The danger immediately after the end of the war.—As far as the first danger point is concerned, conditions this time seem, on the whole, much more favorable than after World War

[32] Bangs, R. W., "Public and Private Debt in the United States, 1916–42," *Survey of Current Business*, May 1943, p. 24. Private debts increased from $72.9 billion at the end of 1917 to $93.2 billion at the end of 1920, but the latter amount represented less than $70 billion at 1917 prices.

I. Of decisive importance is the fact that reconversion is being stretched over a longer period of time.

After World War I the shift from war to peace came suddenly, when our war economy was in full swing and had not yet reached the potential peak. This time we passed the crest of war production toward the end of 1943, long before the landing in Normandy. Subsequently the demand for labor by munitions industries declined steadily from month to month, so that the first steps of reconversion were effected while the war in Europe was nearing the climax. Cut-backs were accelerated after the surrender of Germany. The capitulation of Japan found employment in munitions industries 20 to 25 percent below the peak in the last quarter of 1943 and peacetime industries ready for expansion as soon as labor and strategic materials become available.

The sudden termination of war contracts after August 14 was largely offset by the reduction of hours of work in peacetime industries, the current demand for labor, and temporary or final withdrawals of emergency workers. Expansion of production was somewhat slowed down by the scarcity of labor, uncertainty of wage and price conditions, and the prospect of lower taxes (especially the elimination of the surplus-profit tax) after 1945. On the other hand, the return of ex-servicemen to civilian occupations trailed their release from the armed forces, since many of them have been taking time out after leaving the service before they go back to their former jobs or begin to look for new positions.

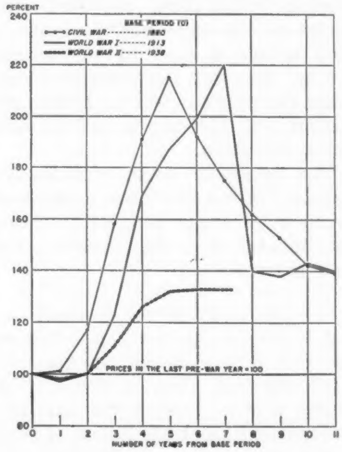
In these circumstances, industrial and military demobilization has proceeded very smoothly. Except for a few pockets of unemployment in such centers of war production as Detroit and sizable frictional unemployment in some other places, the labor shortage has remained acute, although about 8 million wartime jobs have been terminated and 5 million men released from the armed forces. Thus, the first shock of the reconversion has been absorbed.

The chances of reabsorption of the several millions of ex-servicemen who will join the civilian labor force during the months ahead are likewise good. Millions of emergency war workers are still in the labor force and their retirement—either voluntary or under the pressure of changed employment standards—will increase demand for labor in manufacturing, construction, service industries, and professional activities, all of which are expected to expand. It is probable, therefore, that the demand for labor in 1946 will not be fully met by the influx of new workers released from the military service, so that the labor market will remain tight, with a light frictional unemployment and jobs "going begging." Such a situation may continue a year or two after the reconversion is completed, say until the end of 1947, and this would prevent dislocations like those following the sudden demobilization in 1918–19.

The danger of a postwar depression.—Such a pattern of reconversion, however, is of major importance only for the first repercussion of the ending of the war economy, analogous to that in the winter of 1918–19. Even then there was less unemployment than fear of unemployment.[33] The fact that the course of the initial phase of postwar economy is even smoother this time does not prove that the Nation is already out of danger. Indeed, much more serious than reconversion unemployment is the danger of a setback some time later, similar to the primary postwar depressions in 1867 and 1920–21. Both those depressions resulted from the collapse of inflated prices, which, in turn, was caused by the discontinuation of Government spending for war.

In this respect, the present situation is somewhat less explosive than in 1920 because of the difference in price movements during the war. Comparison of the indexes of wholesale prices (chart 5) indicates that our price policy during World War I was as poor as that during the Civil War—perhaps even worse. In contrast, this time price-stabilization measures have been fairly effective. Prices rose moderately before Pearl Harbor, partly because the country was recovering from a long depression, partly under the impact of the defense program, but then the rise slowed down and came to a standstill. While the official index of wholesale prices may be deceptive insofar as finished products and quality of consumer goods are concerned, it seems fairly certain that so far we have avoided the run-away inflation

Chart 5.—*Variations in wholesale prices during and following three wars*



which characterized World War I and that this time the downward readjustment of prices will cause less dislocation. But we are not yet out of danger. A premature repeal of controls could readily result in a postwar inflation, and if prices skyrocket in 1946–47, as in 1919, the rise will probably be followed by a collapse and mass unemployment in 1948, as in 1920–21. The danger is the greater this time because of the accumulation of savings during the war and the amount of money in circulation.

Moreover, even if these dislocations are avoided, the actual trend in prices from 1940 to 1945 does not preclude the danger of a postwar deflation of moderate severity. Apart from the visible rise in prices of staple commodities reflected in the official price index, a war economy is characterized by deterioration of the quality of goods and services, disappearance of certain goods from the market, excessive rise of uncontrolled prices, development of local black markets, extravagant luxury spending, and other manifestations of hidden inflation. As the cumulative effect of all these factors, the average purchasing power of the dollar may be considerably less after the war than is suggested by the official price index.

Hidden inflation may be liquidated gradually, without dislocations in the economic system, by progressive improvement of the quality of goods and services through free competition of business enterprises. But there is a danger that it will be liquidated abruptly, by a sudden fall of prices after the first rush of consumers to buy cov-

[33] See Stewart, Stella, op. cit.

eted goods is over. Such a collapse of prices would result in considerable losses in production and employment. It may be prevented by a rise of wages and curtailment of taxes planned in such a way as to ensure a smooth flow of consumer expenditures.

Thus, the success of reconversion and the high level of employment in the first year or two after the end of the war should not lull us into complacency. The menace of a depression similar to that in 1920–21 should be taken into account in economic planning, especially in policy relating to wages, prices, and taxes.

The danger of a secondary set-back.—To appraise the dangers later in the postwar economy, experience after World War I should be supplemented by an analysis of our prewar experience and trends in our war economy, which will be presented in subsequent articles. It seems possible that difficulties will increase as time goes on. The most painful repercussions of the war economy may develop after a considerable period of expansion, say, in 10 or 12 years. In fact, even if we are spared the mass unemployment and violent economic dislocations in the period of regearing production from war to peacetime conditions; even if we succeed in ironing out the primary postwar depression related to the readjustment of prices; and if we enjoy a fairly high level of economic activities for a few years—say, until 1950—prosperity may not last.

The war has not eliminated maladjustments in the economic system which have caused periodicaly recurring unemployment in the past. It is therefore logical to plan for reconversion in such a way as to increase the stability of the postwar economic system and protect it against future shocks. In this sense, far-reaching measures to ensure full employment in postwar America are a necessary part of reconversion.

On the other hand, if prosperity is maintained in the 1950's by methods similar to those used in the economic expansion in the 1920's, the results may be similar: the entrance into fools' paradise is free; the price is paid at the exit gate.

Several new factors, however, justify hope of more favorable developments.

A very important new factor is our relative success in curbing inflation during this war. This success not only reduces the immediate danger of dislocations but also proves our ability to handle economic questions. It is natural to expect that we will make use of our new skills in dealing with taxation, hours and wages, foreign trade, investments, and the like, and will not repeat the mistakes which led to the disaster of the 1930's. More specifically, it may be hoped that we will not repeat the short-sighted policies in liquidating Government-owned plants and surplus war materials which caused serious economic troubles after World War I.[34]

Another new factor is that the Nation is better equipped to handle social problems of reconversion. Social turmoil after the last war was kindled by the lack of public understanding of the problem of veterans.[35] We are pledged to avoid this mistake after this war and we hope to succeed. The shock of reconversion and subsequent occasional postwar set-backs will also be cushioned, this time, by the system of social security, which did not exist after World War I.

To sum up, the Ship of State will have rough sailing in the sea of postwar economics. Extreme watchfulness will be needed not only to avoid the shoals which can be easily spotted on the map but also to traverse deceptively calm straits. We have passed the first danger spot successfully—the industrial reconversion per se. The United States has reconverted rapidly and smoothly, with surprisingly little unemployment. But the difficulties are not over; throngs of ex-servicemen will join the labor force in the coming months, and fundamental problems of wage readjustment remain to be solved.

The pilot will have to watch for at least four danger spots ahead:

(1) For the inflationary boom which may come in the next year or two if wartime controls are released prematurely;

(2) For the contraction of production and mass unemployment which will become imminent in 2 or 3 years if a run-away inflation develops;

(3) For the deceptive lull of catching-up prosperity that is likely to follow the period of postwar readjustment and may readily degenerate into a new inflationary boom;

(4) For the secondary postwar depression that would follow that boom.

On the other side, four new factors may help the pilot to progress safely:

(1) Smooth and successful reconversion that leaves our economic system better balanced than it was after World War I;

(2) Relative stability of prices during this war that reduces the danger of a postwar inflation and facilitates the final adjustments of prices;

(3) Increased ability of the Nation to handle economic problems, proved during the war (price control) and in the crucial phase of the reconversion;

(4) Better preparation for meeting social problems, such as protection of rights of ex-servicemen, collective bargaining, public employment offices, unemployment compensation, and old-age and survivors insurance.

---

[34] See U. S. Bureau of Labor Statistics, Historical Studies of Wartime Problems: No. 58, *Post-Armistice Industrial Developments 1918–1920: Prices, Production and Employment;* No. 65, *Cancellation of War Contracts: Plans and Practice, 1918–1919;* No. 67, *Settlement of Claims Arising under Canceled War Contracts, 1918–1926;* No. 74, *Disposition of Artillery Plants, World War I, 1918–1930;* No. 75, *The Disposition of Surplus Machine Tools by the War Department Following World War I.*

[35] The same series, No. 73, *The Public Reaction to the Returned Servicemen After World War I.*

Employment Security

Unemployment Claims and Benefits

In October the level of unemployment among covered workers changed very little from week to week, and it remained about the same in November also. Although an average of 200,000 newly unemployed persons filed claims during each week in October, more than that number were dropped from the claimant rolls because they presumably found jobs in peacetime industries. In all, about 5.7 percent of all covered workers filed either initial or continued claims during the week ended October 13, the week of the Census monthly review of the labor force. Gross benefit payments—$63.2 million for the 43 States reporting—may reach $106.5 million when data for all States are available. Funds available for benefits rose to $6,981 million.

Claimants in October included workers laid off from war industries and those displaced by returning veterans. Only a fraction of all workers whose jobs had been terminated were represented in the claimant group. Most of the persons on the unemployment rolls could not find jobs because the available vacancies did not fit their skills and abilities. A large number were skilled and semiskilled workers, while job openings were frequently for the unskilled and workers in the heavy industries.

Initial claims dropped from 1.1 million in September to 918,000 in October (table 2). The greatest absolute declines were recorded in States which had suffered most severely from the cancellation of war contracts in August—Illinois, Indiana, Michigan, New York, and Ohio. At the same time there were increases in several other States. Initial claims more than doubled in West Virginia, rising from 11,000 to 24,000; the number rose from 83,000 to 92,000 in California; and in both Oregon and Rhode Island there was a rise from 8,000 to 12,000.

Continued claims amounted to 6.1 million in the 49 States shown in table 3. Adding to this an estimated 488,000 for Idaho and Illinois [1] gives an estimated total of 6.6 million, or about 700,000 less than the number in July 1940, the high month for continued claims. Every State reported more continued claims than in September except Connecticut, where there was a 31-percent drop.

Each of five States—California, Kansas, Missouri, New Jersey, and Ohio—recorded the highest monthly number of continued claims since the beginning of the program. In several other States the number was close to the highest mark. Michigan had 852,000 as compared with 909,000 in September 1938, the previous high. Oklahoma had 61,000 as compared with 86,000 in March 1939.

On the other hand, some States, including each of the New England States, received less than half their highest monthly number of continued claims. Pennsylvania had 488,000 as against almost 1.2 million in March 1938. In most of the Southern and Rocky Mountain States, October claims were only a small fraction of the peak monthly number.

The average weekly number of beneficiaries for the 43 States for which October data are available represented about 89 percent of the average number of compensable claimants in those States. If this percentage is applied to the other 8 States, the total average weekly number of beneficiaries may be estimated at 1.2 million, or about 60,000 less than the number reported in the highest month, June 1940. The fact that only some 89 percent of the persons who filed compensable claims drew benefits indicates that about 11 percent either were not eligible or were disqualified for some reason connected with their job separation or for refusing suitable work. The gap between the number of compensable claims and that of beneficiaries was perhaps extended by the widespread strikes. In fact, a number of persons who were on strike filed claims in October. Although a few State laws provide for payment of benefits to persons on strike after they have served a specified disqualification period, probably few if any of those directly connected with a labor dispute received benefits.

Initial interstate claims for the 44 States for which data are available reached 47,000 in October. A comparison with the September figure for the country as a whole is not possible, but a State-by-State comparison indicates an increase in the number of claims filed. Ten States—Illinois, In-

[1] Estimate based on claims data submitted by the State unemployment compensation agencies on weekly telegraphic reports.

Table 1.—*Summary of unemployment compensation operations, October 1945 and November 1944–October 1945*

Item	October 1945			November 1944–October 1945	
	Number or amount	Percentage change [1] from—		Number or amount	Percentage change from November 1943–October 1944
		September 1945	October 1944		
Initial claims	917,519	−15.5	+702.8	4,770,041	+214.3
New	737,562	−21.9	+796.7	3,915,898	+266.1
Additional [2]	179,957	+27.7	+461.8	854,143	(3)
Continued claims [4]	6,069,880	+44.2	+1,700.6	16,767,778	+231.0
Waiting-period [4 5]	675,021	−30.4	+994.7	2,999,676	+215.7
Compensable [4]	5,394,859	+66.5	+1,858.7	13,768,102	+234.5
Weeks compensated [6]	3,428,393	+100.7	+1,757.5	10,479,160	+181.7
Total unemployment [6]	3,329,211	+102.4	+1,871.9	9,890,310	+194.9
Part-total unemployment [6 7]	36,619	+130.3	+690.1	146,362	+56.4
Partial unemployment [6 8]	47,089	+14.0	+411.2	397,412	+48.2
First payments [6 9]	409,528	−21.7	+1,725.0	1,701,216	+164.9
Exhaustions [6 10]	13,524	+108.7	+138.8	116,121	−31.4
Weekly average beneficiaries [6]	791,169	+100.7	+1,757.4	201,522	+181.7
Benefits paid	[6 11] $63,187,846	+104.1	+2,200.3	[12] $241,208,948	+304.9
Benefits paid since first payable [12]	$2,405,606,594	----------	----------	----------	----------
Funds available as of Oct. 31 [13]	$6,981,115,457	+.2	+18.3	----------	----------

[1] Based on data for comparable States.
[2] Excludes Maryland, Ohio, Texas, and Wisconsin, which have no provision for filing additional claims; also Indiana and Pennsylvania before April 1945 and Florida before July 1945.
[3] Data not available.
[4] Excludes Idaho for October and Illinois for September and October; data not available.
[5] Beginning April 1945 excludes Maryland, which has no provision for filing waiting-period claims.
[6] Excludes California and Michigan for September, and Arkansas, California, Delaware, Louisiana, Maine, Michigan, Minnesota, and New Jersey for October; data not reported.
[7] Excludes New York because data not reported; also Montana, Pennsylvania, and Rhode Island, which have no provision for part-total unemployment, and West Virginia before October 1945.
[8] Excludes New York because data not reported; also Montana and Pennsylvania, which have no provision for partial unemployment.
[9] Excludes Wisconsin before July 1945; data not comparable.
[10] Excludes Wyoming before April 1945 and Wisconsin before July 1945; data not comparable.
[11] Gross: not adjusted for voided benefit checks and transfers under interstate combined wage plan.
[12] Net: adjusted for voided benefit checks and transfers under interstate combined wage plan. Data for Kentucky through Sept. 30, 1945.
[13] Data for Kentucky as of Sept. 30, 1945.

diana, Kansas, Maryland, New Jersey, New York, Pennsylvania, Tennessee, Texas, and Washington—each received more than 2,000 claims as liable State. Of all interstate claims received, slightly less than half were filed by women.

Region I.—Most of the New England States reported fewer newly unemployed claimants than in September. Rhode Island, however, was a significant exception in reporting a rise from 8,000 to 12,000 in initial claims.

Connecticut was the only State in the country reporting a decrease in continued claims during the month; the 141,000 filed were 60,000 less than in September. A decline in reconversion lay-offs and an increase in hirings also caused initial claims to drop from 23,000 to 17,000. In the week ended October 13, 9 percent of all covered workers in this State were seeking unemployment insurance.

In Massachusetts, a considerable drop in initial claims reflected the drastic curtailment in new lay-offs during October. This decline is even more pronounced when one realizes that October had five Mondays, Tuesdays, and Wednesdays, which are heavy claims-taking days under the State's administrative procedure. Continued claims, on the other hand, increased by almost 60,000, to 230,000. Shortages of leather and of key workers which slowed down operations in the shoe industries centered in Brockton and Haverhill were partially responsible for this increase. A large number of the claims came from Greenfield and Worcester, metal-working centers which were affected by current conditions in the automobile industry. The peak of continued claims was reached by the middle of the month, however, and the number declined gradually thereafter.

Region II–III.—There was little variation from the September level of initial claims, but continued claims followed the national trend and increased in all four States. Many of the applicants for benefits came from manufacturing industries, and some had been separated from employment because of labor disputes. These four States account for about one-fourth of the covered workers in the country and for approximately a third of all initial claims filed in the country as a whole in October.

In New Jersey, shifts of workers from war to peacetime industries contributed to the initial-claims load, which was heavy throughout October. Continuing curtailments in shipbuilding, aircraft, and electrical-goods manufacturing and lay-offs in the garment-manufacturing industry accounted for about half of the 54,000 initial claims filed. Strikes also affected the claims load, although persons actually engaged in the strikes will presumably receive no benefits.

New York's initial claims dropped by about 10,000, to 132,000. There

Table 2.—*Initial claims received in local offices, by State, October 1945, and high and low month since beginning of program*

[Data reported by State agencies, corrected to Nov. 26, 1945]

Social Security Board region and State	October 1945				High month		Low month	
	Total [1]	Percentage change from—		New	Number	Date	Number	Date
		September 1945	October 1944					
Total	917,519	−15.5	+702.8	737,562	[2] 1,452,528	Apr. 1940	[2] 90,361	Sept. 1943
Region I:								
Connecticut	16,812	−25.4	+365.6	11,348	93,128	Jan. 1938	1,336	Oct. 1943
Maine	4,042	+16.2	+290.5	3,177	20,140	Mar. 1940	500	Feb. 1943
Massachusetts	27,278	−24.7	+300.6	19,040	126,466	Apr. 1940	4,249	Sept. 1943
New Hampshire	1,704	−18.5	+354.4	1,129	15,397	Mar. 1940	239	Mar. 1945
Rhode Island	12,057	+53.7	+553.9	10,479	67,731	Jan. 1938	1,236	Nov. 1943
Vermont	715	−32.7	+521.7	606	8,692	do	63	Aug. 1944
Region II–III:								
Delaware	2,219	+3.3	+794.8	1,829	6,519	Jan. 1939	80	Aug. 1943 Sept. 1943
New Jersey	53,795	−9.1	+488.1	44,304	113,118	Aug. 1945	6,381	Feb. 1945
New York	131,576	−7.7	+570.0	80,844	417,936	Apr. 1940	16,354	Sept. 1944
Pennsylvania	112,573	+16.2	+3,139.5	104,388	112,573	Oct. 1945	2,905	Apr. 1944
Region IV:								
District of Columbia	568	+43.4	+115.2	465	6,224	Jan. 1940	166	June 1945
Maryland	15,385	−21.6	+3,503.0	15,385	72,299	Jan. 1938	358	Nov. 1943
North Carolina	5,961	−17.1	+812.9	5,108	38,824	Jan. 1939	653	Oct. 1944
Virginia	5,078	−8.0	+1,548.7	4,801	38,828	Apr. 1940	263	Mar. 1945
West Virginia	23,824	+114.3	+2,696.2	22,904	87,444	Apr. 1941	679	Nov. 1944
Region V:								
Kentucky	12,529	−12.3	+872.0	11,613	30,221	Jan. 1939	1,112	Sept. 1944
Michigan	60,096	−49.9	+178.7	46,574	290,285	July 1938	2,716	Sept. 1943
Ohio	47,712	−58.0	+2,208.3	47,712	119,213	Jan. 1939	1,765	Oct. 1943
Region VI:								
Illinois	63,988	−13.3	+428.0	46,593	129,684	Apr. 1940	11,435	Do.
Indiana	34,566	−34.1	+2,198.3	18,521	62,764	Aug. 1945	992	Aug. 1944
Wisconsin [3]	7,001	−35.6	+777.3	7,001	28,721	Jan. 1938	575	June 1944
Region VII:								
Alabama	16,609	+12.2	+1,581.1	15,537	68,332	do	608	Apr. 1944
Florida	8,121	+1.9	+420.2	6,352	21,924	July 1941	778	Do.
Georgia	8,844	−33.7	+1,123.2	7,042	19,983	July 1940	538	June 1944
Mississippi	3,245	+2.8	+670.8	3,047	11,908	Apr. 1938	302	Nov. 1944
South Carolina	2,458	−1.4	+321.6	2,291	19,580	July 1939	509	Dec. 1944
Tennessee	12,790	−13.4	+375.8	11,348	45,220	Jan. 1938	1,289	Apr. 1945
Region VIII:								
Iowa	4,606	−24.6	+1,075.0	3,914	21,778	July 1938	268	Sept. 1944
Minnesota	8,514	+4.3	+2,552.3	7,330	30,975	Jan. 1941	274	Do.
Nebraska	1,709	−21.4	+2,701.6	1,394	14,740	Jan. 1939	61	Oct. 1944 Nov. 1944
North Dakota	205	+9.6	(4)	166	4,211	do	5	Sept. 1944
South Dakota	309	+19.8	+494.2	304	3,689	do	39	Aug. 1944
Region IX:								
Arkansas	7,337	−16.2	+1,552.5	6,954	16,137	do	351	Feb. 1945
Kansas	9,424	−22.1	+1,892.4	8,466	19,513	do	360	Do.
Missouri	23,437	−20.8	+803.5	20,441	41,740	do	1,613	Mar. 1945
Oklahoma	10,779	−2.3	+1,670.0	9,542	22,325	Dec. 1938	462	Apr. 1945
Region X:								
Louisiana	13,438	+11.7	+1,629.5	12,350	23,259	July 1941	777	Oct. 1944
New Mexico	388	+11.8	+870.0	385	4,394	Dec. 1938	33	Sept. 1944
Texas	15,564	−7.7	+1,053.7	15,564	38,119	Jan. 1940	1,341	May 1944
Region XI:								
Colorado	1,563	−18.6	+942.0	1,444	20,139	Jan. 1939	117	Feb. 1945
Idaho	93	−56.1	(4)	77	7,420	Jan. 1940	30	Sept. 1943
Montana	1,107	+108.9	+1,217.9	1,036	6,273	Jan. 1941	42	Do.
Utah	840	+35.5	+766.0	767	7,913	Jan. 1939	48	Do.
Wyoming	113	+79.4	(4)	110	5,489	do	1	Nov. 1944
Region XII:								
Arizona	2,692	−7.1	+1,129.2	2,336	4,125	Jan. 1940	131	Aug. 1943
California	91,945	+10.8	+749.9	69,959	129,764	Jan. 1938	6,142	Sept. 1943
Nevada	452	+15.3	+536.6	322	2,631	Jan. 1939	25	Nov. 1943
Oregon	11,843	+56.7	+6,785.5	9,898	25,630	Dec. 1939	157	Sept. 1944
Washington	19,499	−9.9	+4,991.1	15,267	49,277	Jan. 1939	272	Sept. 1943
Territories:								
Alaska	111	(4)	(4)	93	613	Jan. 1940	1	Aug. 1943
Hawaii	5	(4)	(4)	5	1,661	Sept. 1940	1	Aug. 1944 Nov. 1944

[1] Includes additional claims except in Maryland, Ohio, Texas, and Wisconsin, which have no provision for filing such claims.

[2] United States totals not comparable before July 1939.

[3] Since Wisconsin has no provision for a benefit year, a new claim is the first claim filed by a worker with respect to each period of total or part-total unemployment.

[4] Not computed because fewer than 50 claims were reported in either or both periods.

were fewer war-plant lay-offs except in Westchester County's shipyards and aircraft industries. At the end of the month, jobs were opening up in the construction, textile, heavy iron and steel, railroad, and service industries. The ratio of job opportunities to lay-offs was greatest in New York City. In other sections of the State, openings were largely in domestic service, retail trade, and heavy industries such as foundries. From VJ-day to the end of October, employment in the apparel industries dropped by an estimated 39,000 persons.

In Pennsylvania, initial claims totaled 113,000. The increase of more than 15,000 was due to the continuing effects of strikes in the coal fields, particularly in bituminous coal.

Region IV.—Both the District of Columbia and West Virginia reported increases in initial claims. The District's claims—less than 600—were 172 more than in September but less than one-tenth the number in the peak month of January 1940. Although initial claims declined in North Carolina, continued claims rose to 43,000. About one-third of the compensable claims were filed in Winston-Salem, where a large portion of the claimants were from the ordnance industry. West Virginia's initial claims more than doubled, rising to 24,000, and continued claims rose considerably, to 60,000. Both types include a number of claims filed as a result of work stoppage in the mining industry.

Region V.—All three States reported decreases in the number of persons filing initial claims. Each State had a greater percentage of claimants to covered workers in the second week of the month than the 5.7-percent ratio for the country as a whole. As in September, Michigan's ratio was the largest for any State, but the percentage had gone down slightly—from 13.6 percent in September to 12.6 percent in October. The volume of initial claims filed in Michigan had dropped 29 percent from August to September, but there was a further significant drop in October—from 120,000 to 60,000. Continued claims rose, but not as much as in most other States. Ohio's 48,000 initial claims were less than half the September number. About 5,000 were due to a coal-mining labor dispute; the rest were due to reconversion lay-offs.

Region VI.—Although Illinois, Indiana, and Wisconsin have a large proportion of their workers in noncovered agricultural employment, the number of covered workers is above the average for the country. Initial claims declined in each of these States in October. The 64,000 filed in Illinois originated largely in the manufacturing industries, principally ordnance and transportation equipment, reflecting a continuation of the effects of VJ-day contract cancellations. Of the 3,100 initial interstate claims received as liable State, more than 500 came from claimants in California. More than half of all the interstate claims received were filed by women.

Indiana's 35,000 initial claims were

Table 3.—*Continued claims received in local offices, by State, October 1945, and high and low month since beginning of program*

[Data reported by State agencies, corrected to Nov. 26, 1945]

Social Security Board region and State	October 1945: Total [1]	October 1945: Percentage change from— September 1945	October 1945: Percentage change from— October 1944	October 1945: Compensable	High month: Number	High month: Date	Low month: Number	Low month: Date
Total [2]	6,069,880	+44.2	+1,700.6	5,394,859	[3] 7,279,416	July 1940	[3] 331,095	Oct. 1943
Region I:								
Connecticut	141,263	−30.8	+1,294.5	134,905	287,564	Feb. 1938	2,500	Oct. 1943
Maine	18,939	+50.8	+675.6	16,643	109,283	Mar. 1938	2,091	Sept. 1943
Massachusetts	230,187	+33.5	+1,117.4	210,886	484,526	July 1940	11,868	Oct. 1943
New Hampshire	7,950	+12.3	+519.6	7,037	68,853	Apr. 1940	1,128	Mar. 1945
Rhode Island	55,722	+33.7	+729.6	52,090	262,480	Mar. 1938	4,216	Dec. 1943
Vermont	6,732	+53.0	+1,113.0	5,799	26,829	...do...	449	Sept. 1944
Region II–III:								
Delaware	12,486	+48.5	+2,412.3	11,481	18,024	Feb. 1940	282	Dec. 1943
New Jersey	550,722	+56.7	+2,090.4	510,536	550,722	Oct. 1945	21,058	June 1944
New York	804,228	+45.6	+1,229.3	675,655	1,536,742	July 1940	58,825	Sept. 1944
Pennsylvania	488,344	+44.8	+2,347.1	417,484	1,154,199	Mar. 1938	15,218	Apr. 1945
Region IV:								
District of Col	2,833	+66.6	+68.9	2,596	44,308	...do...	1,047	June 1945 July 1945
Maryland	108,625	+58.9	+4,562.0	108,625	194,504	...do...	2,330	Oct. 1944
North Carolina	42,861	+32.3	+1,042.0	37,404	272,101	Aug. 1938	3,036	Dec. 1944
Virginia	25,864	+97.2	+1,964.0	23,009	154,826	July 1938	1,073	Nov. 1944
West Virginia	59,904	+86.6	+1,436.8	56,146	314,412	May 1938	3,327	Apr. 1945
Region V:								
Kentucky	99,524	+42.7	+1,346.6	94,655	170,001	May 1939	6,283	Sept. 1944
Michigan	852,133	+19.1	+1,978.0	791,049	909,365	Sept. 1938	6,266	Oct. 1943
Ohio	503,284	+136.8	+10,739.6	392,585	503,284	Oct. 1945	4,643	Oct. 1944
Region VI:								
Illinois [2]	...	...	...	...	578,336	May 1940	27,383	Oct. 1943
Indiana	227,395	+26.2	+4,242.1	210,016	332,827	Aug. 1938	4,585	July 1944
Wisconsin	83,613	+8.1	+1,622.9	70,443	150,563	Jan. 1938	3,462	Apr. 1945
Region VII:								
Alabama	109,105	+75.5	+1,430.2	95,877	181,549	Aug. 1938	3,020	Apr. 1944
Florida	38,583	+39.1	+311.0	35,097	120,805	July 1940	4,776	May 1944
Georgia	78,222	+34.6	+2,978.4	63,734	111,695	...do...	2,541	Oct. 1944
Mississippi	20,837	+48.7	+946.0	19,044	61,186	Feb. 1940	1,734	Sept. 1944
South Carolina	14,104	+41.8	+434.2	12,482	80,624	Jan. 1939	2,640	Oct. 1944
Tennessee	101,068	+64.6	+598.0	93,394	186,206	Mar. 1938	10,085	May 1945
Region VIII:								
Iowa	41,635	+32.0	+3,191.3	36,094	139,339	Jan. 1939	1,265	Oct. 1944
Minnesota	42,367	+20.6	+4,090.6	34,537	240,580	Mar. 1938	1,011	Do.
Nebraska	10,409	+33.2	+3,591.1	8,510	38,408	Feb. 1939	246	Nov. 1944
North Dakota	1,019	+69.0	(4)	1,011	13,969	Mar. 1939	24	Oct. 1944
South Dakota	1,463	+93.0	+533.3	1,430	10,939	Feb. 1939	209	Sept. 1944
Region IX:								
Arkansas	47,102	+93.2	+1,916.4	44,875	75,846	July 1940	2,222	Feb. 1945
Kansas	61,059	+53.0	+3,409.1	55,358	61,059	Oct. 1945	1,740	Oct. 1944
Missouri	200,289	+46.8	+2,084.7	184,403	200,289	...do...	7,390	May 1945
Oklahoma	61,706	+20.6	+2,347.7	56,570	85,519	Mar. 1939	2,188	Apr. 1945
Region X:								
Louisiana	68,207	+69.0	+1,745.9	59,602	110,455	May 1940	3,695	Oct. 1944
New Mexico	1,741	+83.8	+894.9	1,717	19,579	Mar. 1939	157	Nov. 1944
Texas	99,625	+66.3	+1,149.5	89,082	199,366	July 1940	7,973	Oct. 1944
Region XI:								
Colorado	5,487	+38.7	+839.6	4,675	57,156	Mar. 1939	517	Mar. 1945
Idaho [2]	...	...	...	...	50,062	...do...	198	Oct. 1943
Montana	3,727	+135.9	+591.5	3,132	36,413	Feb. 1940	228	Do.
Utah	2,645	+59.7	+300.8	2,353	44,053	Mar. 1938	229	May 1943
Wyoming	388	+116.8	(4)	369	17,267	Feb. 1939	26	Nov. 1943
Region XII:								
Arizona	14,821	+32.4	+1,924.7	13,782	26,537	Mar. 1938	659	Sept. 1943
California	601,623	+59.7	+1,315.6	548,129	601,623	Oct. 1945	20,793	Oct. 1943
Nevada	1,495	+67.4	+387.0	1,391	11,336	Jan. 1941	119	Nov. 1943
Oregon	36,090	+123.4	+5,495.3	29,541	103,400	Mar. 1938	462	Sept. 1944
Washington	82,290	+109.1	+10,316.5	69,537	131,847	Feb. 1940	790	Oct. 1944
Territories:								
Alaska	155	(4)	(4)	80	4,202	Mar. 1939	36	Sept. 1945
Hawaii	9	(4)	(4)	9	6,305	Jan. 1940	2	July 1945 Apr. 1944

[1] Includes waiting-period claims except in Maryland, which has no provision for filing such claims.

[2] Excludes Idaho and Illinois; data not available.

[3] United States totals not comparable before July 1939.

[4] Not computed because fewer than 50 claims were reported in either or both periods.

slightly more than half the number reported for August, the peak month. A little less than half of the persons filing initial claims in October were women. More than 16,000 of the total number were additional claims representing a second or subsequent spell of unemployment within the benefit year. Somewhat more than 7,000 of these additional claims were filed in Muncie and South Bend by workers previously laid off pending reconversion by manufacturers to peacetime industry; after having been called back to work, the claimants were again laid off because of material shortages. Of the 44 States for which interstate data are available, Indiana received the largest number—4,200—of initial interstate claims as liable State. More than half of these came from claimants in Kentucky.

Region VII.—Agriculture is the predominant industry in this region. The claims in October represent slightly more than 5 percent of the total for the country.

Alabama's initial claims rose 12 percent to 17,000, and continued claims increased from 62,000 to 109,000. The major portion of the claims in the Birmingham area were filed by claimants from the transportation-equipment industry; some also came from former workers in an aircraft-modification plant. Many of the claimants in the Montgomery area were workers in a textile mill engaged in the manufacture of tire cord, which had shut down temporarily. Claims from Huntsville were attributable to construction and textile industries.

Women filed about half of the 9,000 initial claims and 57 percent of the 78,000 continued claims in Georgia. The increase in the continued-claims load was due to mass lay-offs following cancellation of Government contracts and was most significant in the aircraft, shipbuilding, ammunition, textile, apparel-manufacturing, and leather-products industries.

Initial claims in Tennessee were down 13 percent to 13,000 after continuous increases during the past few months. Continued claims increased 65 percent to 101,000. Both types of claims reflect lay-offs from war-production plants. Job openings are mostly for unskilled men laborers. The demand for women workers has dropped sharply in some areas.

Region VIII.—Claims volumes in this region, which is predominantly agricultural, are never very high as compared with most other regions. Minnesota, North Dakota, and South Dakota reported increases, and Iowa and Nebraska had decreases in initial claims in October. Continued claims increased in all five States.

Three-fourths of the average weekly number of beneficiaries in Nebraska were women. Of the men receiving payments, 42 percent were 60 years or over. Apparently there is difficulty in placing women and older men in suitable jobs.

Region IX.—All four States in this region reported fewer initial claims and more continued claims than in September. The greatest concentration of claims was in Missouri, which

Table 4.—*Average weekly number of beneficiaries, by State, October 1945, and high and low month since beginning of program* [1]

[Data reported by State agencies, corrected to Nov. 26, 1945]

Social Security Board region and State	October 1945			High month		Low month	
	Average weekly number of beneficiaries	Percentage change from— September 1945	Percentage change from— October 1944	Number	Date	Number	Date
Total [2]	791,169	+100.7	+1,757.4	[3] 1,268,566	June 1940	[3] 56,354	Nov. 1943
Region I:							
Connecticut	48,194	+148.4	+2,693.9	60,022	Mar. 1938	407	Oct. 1943
Maine [2]				18,218	May 1940	339	Apr. 1944
Massachusetts	39,803	+41.0	+1,184.8	95,935	June 1940	2,189	Oct. 1943
New Hampshire	1,143	+28.9	+495.3	11,047	Mar. 1938	157	July 1944
Rhode Island	12,399	+41.6	+748.7	49,498	do	960	Dec. 1943
Vermont	994	+129.0	+1,477.8	4,850	do	44	Apr. 1945
Region II–III:							
Delaware [2]				3,394	Feb. 1940	54	Oct. 1943
New Jersey [2]				56,564	Mar. 1939	3,617	Sept. 1944
New York	155,101	+80.7	+1,339.1	286,609	July 1940	10,778	Oct. 1944
Pennsylvania	78,910	+79.0	+2,482.1	204,127	Mar. 1938	1,890	June 1944
Region IV:							
District of Columbia	413	+56.4	+27.5	6,496	Mar. 1940	209	June 1945
Maryland	28,798	+65.8	+4,597.9	44,414	Mar. 1938	613	Oct. 1944
North Carolina	7,357	+46.1	+1,136.5	37,072	June 1938	466	Dec. 1944
Virginia	4,149	+127.7	+1,425.4	31,359	July 1938	212	Nov. 1944
West Virginia	7,440	+62.5	+1,182.8	42,982	June 1938	422	Apr. 1945
Region V:							
Kentucky	9,081	+66.9	+781.7	20,858	May 1939	946	Aug. 1944
Michigan [2]				198,685	Sept. 1938	1,271	Oct. 1943
Ohio	80,175	+310.7	+11,224.2	80,175	Oct. 1945	708	Oct. 1944
Region VI:							
Illinois	111,334	+94.7	+1,671.4	111,334	do	5,535	Nov. 1943
Indiana	31,565	+149.5	+2,886.3	56,957	Oct. 1938	957	July 1944
Wisconsin	14,700	+61.0	+1,721.6	28,684	Mar. 1938	448	Do.
Region VII:							
Alabama	18,725	+91.9	+1,227.1	32,814	May 1938	649	May 1944
Florida	6,479	+84.4	+301.7	20,656	Aug. 1940	532	Apr. 1944
Georgia	13,915	+164.4	+3,335.8	19,109	do	405	Oct. 1944
Mississippi	2,337	+73.2	+894.5	11,023	Mar. 1940	212	Nov. 1944
South Carolina	816	+48.6	+204.5	10,465	Mar. 1939	268	Oct. 1944
Tennessee	11,896	+117.8	+427.5	27,211	June 1938	1,218	May 1945
Region VIII:							
Iowa	7,254	+80.4	+3,601.0	22,248	Mar. 1939	196	Oct. 1944
Minnesota [2]				33,292	Apr. 1938	154	Do.
Nebraska	1,623	+139.4	(4)	6,995	Mar. 1940	32	Nov. 1944
North Dakota	10	(4)	(4)	2,609	Mar. 1939	2	Oct. 1944
South Dakota	69	+35.3	(4)	2,292	do	8	Do.
Region IX:							
Arkansas [2]				12,628	May 1940	180	July 1944
Kansas	12,672	+96.1	+4,425.7	12,672	Oct. 1945	280	Oct. 1944
Missouri	36,189	+129.8	+2,600.7	36,189	do	873	Apr. 1945
Oklahoma	9,799	+69.5	+3,221.7	13,325	Mar. 1939	220	Do.
Region X:							
Louisiana [2]				19,749	June 1940	526	Nov. 1943
New Mexico	50	(4)	(4)	3,798	Mar. 1939	9	Aug. 1944
Texas	12,279	+141.7	+1,293.8	30,911	do	592	July 1944
Region XI:							
Colorado	519	+135.9	+557.0	11,364	do	57	Apr. 1945
Idaho	88	−43.6	(4)	10,154	do	15	Nov. 1943
Montana	181	+61.6	+151.4	10,779	Mar. 1940	41	Oct. 1943
Utah	416	+65.7	+177.3	8,005	Mar. 1938	50	July 1943
Wyoming	22	(4)	(4)	3,842	Mar. 1940	0	Sept. 1943
Region XII:							
Arizona	2,318	+39.0	+2,419.6	4,612	Mar. 1938	50	Do.
California [2]				114,455	Mar. 1940	4,249	Nov. 1943
Nevada	186	+89.8	(4)	2,695	do	29	Oct. 1944
Oregon	5,983	+167.9	+6,698.9	22,007	Mar. 1938	64	Sept. 1943
Washington	15,658	+211.9	+10,551.7	26,082	Mar. 1940	133	Do.
Territories:							
Alaska	125	(4)	(4)	1,222	Aug. 1940	10	Nov. 1942
Hawaii	4	(4)	(4)	1,195	Jan. 1940	0	Sept. 1944

[1] For years before 1940, data are average weekly number of payments issued during month.

[2] Excludes Arkansas, California, Delaware, Louisiana, Maine, Michigan, Minnesota, and New Jersey; data not reported for October 1945.

[3] United States totals not comparable before July 1939.

[4] Not computed because fewer than 50 beneficiaries were reported in either or both periods.

reported more continued claims than Arkansas, Kansas, and Oklahoma combined. In comparison with past years the continued claims were high in all four States and reached record highs in Kansas and Missouri.

The heaviest concentration of the 61,000 continued claims in Kansas continued to be in the Kansas City, Parsons, Pittsburg, and Wichita areas, all of which had been significantly affected by war-contract cancellations. Forty percent of all the continued claims were filed in Wichita, where the chief industry during the war was the manufacture of aircraft and aircraft parts. As yet, peacetime industry has not been able to absorb these workers.

Region X.—Continued claims in Louisiana, New Mexico, and Texas increased by two-thirds or more in October. Texas reported 2,000 initial interstate claims received as liable State, the greater part of them coming from Arkansas, California, Louisiana, and Oklahoma.

Region XI.—Although this region is one of the largest in area, the claims loads are generally the smallest in the country. The States are not heavily populated and there is little concentration of industry. Even though employers with one or more workers[2] are covered in four of the five States, the region has only slightly more than 1 percent of the covered workers in the Nation. During October, two States—Colorado and Idaho—showed decreases, and three States—Montana, Utah, and Wyoming—increases, in number of persons filing initial claims. In Montana the number more than doubled, to slightly more than 1,000. Gross benefit payments were less than the September amount in Idaho, the only one of the 43 States reporting gross benefits to show a decrease.

Region XII.—Reports from this region show a wide variation among the States in the concentration of unemployment. California's claims and payments figures are always far above those in the other four States, though Oregon and Washington also have a considerable volume. In relation to its area, California has an unusually large number of covered workers; Oregon and Washington have an average number, and Nevada and Arizona have very few.

In Arizona, continued claims rose 32 percent in October, to 15,000, indicating that claimants are having difficulty finding employment; more than half of the compensable claims reported were filed by women.

California reported 92,000 initial claims, as against 83,000 in September. Continued claims rose 60 percent to 602,000, the highest number since benefits were first payable and 15,000 more than the previous high in January 1940. The State reports that the immediate outlook is for a

[2] Excludes agricultural workers. In each State, also, wages paid must be above a set amount in a specified time before the employer is liable.

Table 5.—*Number of weeks compensated and amount of benefits paid, October 1945, and funds available for benefits as of October 31, 1945, by State*

[Data reported by State agencies, corrected to Nov. 29, 1945]

Social Security Board region and State	Weeks compensated for specified types of unemployment				Benefits paid [2]			Funds available for benefits as of Oct. 31, 1945 [3]
	All types	Total	Part-total [1]	Partial [1]	Amount	Percentage change from— September 1945	Percentage change from— October 1944	
Total	[4] 3,428,393	[4] 3,329,211	[1] [4] 36,619	[1] [4] 47,089	[4] $63,187,846	[4] +104.1	[4] +2,200.3	[5] $6,981,115,457
Region I:								
Connecticut	208,842	205,032	2,037	1,773	4,271,708	+149.4	+2,984.7	178,219,592
Maine	(4)	(4)	(4)	(4)	(4)	(4)	(4)	37,364,823
Massachusetts	172,477	164,427	781	7,269	3,284,324	+40.4	+1,497.2	215,566,715
New Hampshire	4,952	4,272	41	639	66,087	+22.8	+699.6	22,456,023
Rhode Island	53,728	51,022	(1)	2,706	910,731	+41.0	+837.8	73,650,567
Vermont	4,307	4,144	110	53	72,617	+141.8	+2,031.4	12,737,693
Region II–III:								
Delaware	(4)	(4)	(4)	(4)	(4)	(4)	(4)	14,558,588
New Jersey	(4)	(4)	(4)	(4)	(4)	(4)	(4)	446,758,994
New York	672,101	656,627	(1)	(1)	13,389,819	+82.0	+1,668.7	999,362,129
Pennsylvania	341,943	341,943	(1)	(1)	6,184,355	+79.3	+2,940.4	608,972,217
Region IV:								
District of Columbia	1,789	1,746	37	6	32,262	+57.6	+30.4	43,434,989
Maryland	124,789	119,765	164	4,860	2,364,435	+66.4	+5,466.1	128,802,116
North Carolina	31,881	30,782	0	1,099	427,938	+51.2	+1,646.5	107,062,572
Virginia	17,978	17,373	441	164	235,134	+134.1	+1,710.7	65,396,381
West Virginia	32,241	26,249	109	5,883	503,341	+65.4	+1,217.0	70,716,566
Region V:								
Kentucky	39,350	38,467	477	406	509,843	+69.7	+991.1	[5] 86,495,502
Michigan	(4)	(4)	(4)	(4)	(4)	(4)	(4)	273,613,614
Ohio	347,426	342,280	2,659	2,487	6,646,489	+347.6	+15,580.9	481,979,050
Region VI:								
Illinois	482,444	460,375	15,847	6,222	9,039,408	+94.6	+1,861.0	509,987,201
Indiana	136,783	129,860	1,560	5,363	2,534,251	+158.9	+3,432.9	184,747,782
Wisconsin	63,698	57,810	2,583	3,305	1,131,224	+75.4	+2,400.3	185,485,922
Region VII:								
Alabama	81,143	80,016	1,096	31	1,398,165	+97.5	+1,857.2	66,502,525
Florida	28,076	26,946	650	480	393,978	+84.4	+364.1	57,702,188
Georgia	60,297	59,636	337	324	1,001,277	+175.1	+4,908.4	80,006,146
Mississippi	10,129	9,832	189	108	134,618	+74.5	+1,157.8	26,865,466
South Carolina	3,534	3,458	55	21	46,022	+59.4	+258.8	39,147,542
Tennessee	51,548	50,846	520	182	703,099	+125.2	+520.0	88,218,272
Region VIII:								
Iowa	31,436	30,595	741	100	527,583	+82.0	+5,382.5	62,146,678
Minnesota	(4)	(4)	(4)	(4)	(4)	(4)	(4)	91,881,717
Nebraska	7,034	6,574	189	271	115,545	+141.8	+5,039.9	26,387,035
North Dakota	44	43	1	0	655	−17.5	+403.8	5,236,845
South Dakota	300	270	30	0	3,758	+45.2	+1,049.2	6,471,312
Region IX:								
Arkansas	(4)	(4)	(4)	(4)	(4)	(4)	(4)	30,384,267
Kansas	54,912	53,609	1,162	141	848,888	+95.8	+5,345.4	55,822,845
Missouri	156,819	154,732	357	1,730	2,650,631	+128.9	+3,326.2	163,753,320
Oklahoma	42,464	41,684	750	30	748,789	+70.0	+4,064.1	47,481,434
Region X:								
Louisiana	(4)	(4)	(4)	(4)	(4)	(4)	(4)	82,526,004
New Mexico	217	213	3	1	2,897	+55.5	+461.4	10,327,760
Texas	53,210	51,866	1,344	0	839,171	+161.5	+1,894.7	154,957,103
Region XI:								
Colorado	2,248	2,193	46	9	30,895	+140.6	+563.7	35,526,158
Idaho	381	370	11	0	4,988	−41.6	+235.2	14,917,157
Montana	784	784	(1)	(1)	10,482	+70.9	+177.7	19,103,479
Utah	1,801	1,683	94	24	42,479	+69.3	+249.9	27,013,656
Wyoming	96	81	15	0	1,718	+261.7	+790.2	8,127,166
Region XII:								
Arizona	10,044	9,933	109	2	148,169	+38.8	+2,558.2	19,739,899
California	(4)	(4)	(4)	(4)	(4)	(4)	(4)	744,309,159
Nevada	808	794	8	6	14,667	+96.7	+691.5	10,415,443
Oregon	25,925	25,095	559	271	436,037	+172.4	+8,127.1	75,003,898
Washington	67,853	65,229	1,503	1,121	1,470,324	+216.4	+17,378.9	157,396,610
Territories:								
Alaska	542	538	4	0	8,610	+234.4	+764.5	8,199,444
Hawaii	19	17	0	2	435	+56.5	+318.3	18,175,893

[1] Excludes New York because data not reported; Montana and Pennsylvania, which have no provisions for partial and part-total unemployment; and Rhode Island, which has no provision for part-total unemployment.

[2] Gross: not adjusted for voided benefit checks and transfers under interstate combined wage plan.

[3] Represents sum of balances at end of month in State clearing account, benefit-payment account, and in State account in the Federal unemployment trust fund.

[4] Excludes Arkansas, California, Delaware, Louisiana, Maine, Michigan, Minnesota, and New Jersey; data not reported.

[5] Data for Kentucky as of Sept. 30, 1945.

continuation of the upward trend in claims activities. The initial shock of lay-offs after the surrender of Japan was probably not as severe as in many other States, but there has been a steady rise since before VJ-day. Claims volumes during October were also affected by seasonal declines in employment, particularly in the citrus-fruit areas of the State.

Oregon received 1,500 initial interstate claims as liable State; most of them came from the adjoining States of California and Washington. Missouri, Oklahoma, and Texas each accounted for more than 100, however, indicating that former war workers have probably returned to their home States to file claims.

Washington's continued claims, which more than doubled during October, reflected September lay-offs from aircraft factories and other war plants. Washington received 3,200 initial interstate claims as agent State, the third highest number in the 44 States reporting data. The bulk of these came from Arkansas, California, Illinois, and Missouri. From the continued interstate claims received, 11,100 weeks were compensated at a total amount of $224,900. From a sample study of these payments, the State found that shipbuilding accounted for 38 percent; aircraft, 11 percent; industrial chemicals, 29 percent; contract construction, 8 percent; and rooming and boarding houses, 7 percent.

Table 6.—*Interstate claims received, weeks compensated, and amount of benefit payments, by liable State, October 1945*

[Data reported by State agencies, corrected to Nov. 26, 1945]

Social Security Board region and liable State	Claims received: Initial		Claims received: Continued		Weeks compensated	Benefit payments
	Total	Female	Total	Female		
Total [1]	46,688	21,074	[2] 237,658	[2] 114,550	[3] 131,463	[3] $2,363,551
Region I:						
Connecticut [1]						
Maine	170	91	930	476	(3)	(3)
Massachusetts	924	542	4,391	2,276	3,632	72,553
New Hampshire	161	91	807	518	648	8,801
Rhode Island [1]						
Vermont	86	33	401	176	281	5,196
Region II-III:						
Delaware [1]						
New Jersey	2,928	1,490	18,174	9,394	8,489	175,376
New York	3,901	2,261	13,301	8,125	14,661	282,727
Pennsylvania	3,022	1,013	10,910	5,397	5,084	92,744
Region IV:						
District of Columbia	274	149	1,156	710	415	7,515
Maryland	2,809	1,159	26,194	14,751	17,858	352,876
North Carolina	538	346	7,069	5,767	4,705	64,797
Virginia	559	275	1,211	595	1,419	19,094
West Virginia	606	243	3,171	824	1,344	23,049
Region V:						
Kentucky	489	203	2,114	910	851	11,592
Michigan [1]						
Ohio [1]						
Region VI:						
Illinois	3,093	1,588	19,235	10,493	9,151	174,413
Indiana	4,182	1,622	37,381	16,625	3,727	69,478
Wisconsin	861	318	3,948	1,452	1,922	37,574
Region VII:						
Alabama	1,503	373	6,820	1,560	2,820	51,564
Florida	1,447	618	6,427	2,437	2,840	41,139
Georgia	981	505	4,322	2,191	1,862	30,847
Mississippi	298	142	1,592	818	951	12,783
South Carolina	179	81	461	249	144	1,941
Tennessee	2,633	737	11,244	2,964	5,342	76,141
Region VIII:						
Iowa	286	141	1,049	619	667	11,208
Minnesota	404	207	1,517	803	607	10,352
Nebraska	267	152	1,238	790	737	12,063
North Dakota	18	11	31	15	13	210
South Dakota	34	29	59	56	24	299
Region IX:						
Arkansas [1]						
Kansas	2,806	1,464	11,182	5,311	9,384	147,352
Missouri	1,310	856	(2)	(2)	6,542	109,474
Oklahoma	780	471	3,590	2,073	2,160	37,851
Region X:						
Louisiana	935	373	4,613	1,802	3,219	54,716
New Mexico	64	30	248	110	120	1,572
Texas	2,001	833	6,172	2,541	1,874	28,041
Region XI:						
Colorado	277	173	856	555	197	2,596
Idaho	66	24	36	13	36	550
Montana	54	18	184	79	100	1,325
Utah	117	57	491	142	312	7,457
Wyoming	63	22	213	92	61	1,145
Region XII:						
Arizona	437	218	1,958	1,124	1,199	17,539
California [1]						
Nevada	99	55	410	200	288	5,158
Oregon	1,525	708	8,296	4,328	4,238	69,813
Washington	3,193	1,340	13,272	5,155	11,061	224,904
Territories:						
Alaska	290	11	972	31	466	7,451
Hawaii	18	1	12	3	12	275

[1] Excludes Arkansas, California, Connecticut, Delaware, Michigan, Ohio, and Rhode Island; data not reported.
[2] Excludes Missouri; data not available.
[3] Excludes Maine; data not available.

Table 7.—*Comparison of all claims for week ended October 13, 1945, with estimated covered employment in March 1945*

State	All claims, week ended October 13 [1]	Covered employment, March 1945 [2]	Claims as percent of covered employment
Total	1,637,981	28,986,884	5.7
Region I:			
Connecticut	53,726	597,988	9.0
Maine	4,568	161,092	2.8
Massachusetts	54,164	1,346,006	4.0
New Hampshire	2,109	106,542	2.0
Rhode Island	13,972	222,698	6.3
Vermont	1,494	56,453	2.6
Region II-III:			
Delaware	2,517	77,674	3.2
New Jersey	127,089	1,177,994	10.8
New York	188,853	3,869,781	4.9
Pennsylvania	137,577	2,676,135	5.1
Region IV:			
Dist. of Col	784	185,116	.4
Maryland	26,363	490,909	5.4
North Carolina	10,009	525,240	1.9
Virginia	6,247	420,236	1.5
West Virginia	15,850	324,735	4.9
Region V:			
Kentucky	22,345	311,993	7.2
Michigan	190,205	1,504,272	12.6
Ohio	119,017	1,953,763	6.1
Region VI:			
Illinois	164,560	2,145,802	7.7
Indiana	60,061	830,162	7.2
Wisconsin	21,038	664,238	3.2
Region VII:			
Alabama	26,219	411,230	6.4
Florida	10,197	340,906	3.0
Georgia	19,671	468,324	4.2
Mississippi	4,987	156,704	3.2
South Carolina	3,547	248,972	1.4
Tennessee	24,174	488,314	5.0
Region VIII:			
Iowa	10,229	293,370	3.5
Minnesota	10,558	477,977	2.2
Nebraska	2,587	143,219	1.8
North Dakota	264	28,228	.9
South Dakota	478	35,893	1.3
Region IX:			
Arkansas	12,211	202,073	6.0
Kansas	15,290	246,611	6.2
Missouri	46,928	736,832	6.4
Oklahoma	19,599	258,546	7.6
Region X:			
Louisiana	17,173	377,408	4.6
New Mexico	419	56,208	.7
Texas	23,895	971,854	2.5
Region XI:			
Colorado	1,313	155,982	.8
Idaho	343	63,890	.5
Montana	936	68,263	1.4
Utah	626	92,968	.7
Wyoming	110	38,274	.3
Region XII:			
Arizona	3,297	87,463	3.8
California	129,483	2,049,486	6.3
Nevada	443	25,468	1.7
Oregon	9,348	285,322	3.3
Washington	21,108	528,270	4.0

[1] Represents initial and continued claims.
[2] Represents workers in covered employment during the pay period ending nearest the 15th of the month.

Veterans' Readjustment Allowances

The average weekly number of veterans receiving readjustment allowances in September (73,000) was 66 percent more than in August. This average conceals the rapid rise during the month, from 59,000 in the week ended September 1 to 93,000 in the last week. Both the number of weeks compensated during the month—374,000—and the amount of benefits—$7.5 million—were almost half as much again as in August. All jurisdictions participated in these increases except Idaho, Nebraska, New Mexico, and Puerto Rico (for weeks compensated) and Idaho, Nebraska, and Puerto Rico (for benefits). Except for continued claims, which were higher in Pennsylvania than in any other State, New York reported the greatest volume of claims, beneficiaries, and payments.

Nonfarm Placements

The number of nonfarm placements declined in October for the fourth consecutive month; although the percentage decrease for the country as a whole was only 2.1 percent, it amounted to as much as 32 percent in South Carolina. In contrast to the general decline in placements, veterans' placements increased 37 percent in the country as a whole, and only 3 States reported declines—Georgia, 3.7 percent, Oregon, 10.8 percent, and Rhode Island, 1.2 percent.

Table 8.—*Applications, claims, and payments for veterans' allowances, September 1945* [1]

[Corrected to Nov. 20, 1945]

State [2]	Applications for entitlement	Initial claims			Continued claims			Payments		
		Total	Type		Total	Type		Weeks compensated	Average weekly number of veterans [3]	Amount
			New claims	Additional claims		Lack of work	Illness or disability			
Total	97,120	111,918	94,112	17,806	400,151	384,475	15,676	374,340	73,150	$7,456,678
Alabama	2,090	2,306	2,032	274	9,239	8,886	353	9,004	1,666	179,726
Alaska	8	9	8	1	1	1	0	1	(4)	20
Arizona	427	588	419	169	2,257	2,092	165	2,070	464	41,325
Arkansas	2,081	2,238	1,862	376	7,376	6,976	400	6,237	1,313	124,287
California	4,682	5,600	4,373	1,227	18,632	17,557	1,075	19,121	3,586	380,714
Colorado	336	409	314	95	954	849	105	793	140	15,765
Connecticut	2,316	2,985	2,301	684	11,574	11,254	320	9,410	1,891	187,551
Delaware	181	214	164	50	706	694	12	706	158	14,011
Dist. of Col.	714	714	659	55	2,515	2,425	90	1,944	620	38,529
Florida	922	1,285	1,012	273	3,951	3,754	197	3,820	787	76,188
Georgia	2,030	2,263	1,991	272	9,431	9,184	247	9,326	1,424	185,963
Hawaii	5	5	5	0	21	21	0	20	4	393
Idaho	41	52	35	17	83	72	11	75	11	1,498
Illinois	4,137	5,646	4,683	963	17,875	17,561	314	17,024	3,084	338,053
Indiana	3,133	3,562	2,225	1,337	11,011	10,827	184	10,888	2,022	214,969
Iowa	1,023	1,216	989	227	3,765	3,603	162	3,535	702	70,107
Kansas	588	646	542	104	1,758	1,692	66	1,705	340	33,798
Kentucky	2,797	3,005	2,652	353	7,969	7,677	292	8,482	1,436	168,557
Louisiana	978	947	858	89	2,633	2,564	69	2,106	394	41,883
Maine	407	446	393	53	2,009	1,890	119	2,072	419	41,279
Maryland	886	881	881	0	2,681	2,668	13	2,675	513	53,190
Massachusetts	4,412	5,310	4,513	797	14,036	13,550	486	12,960	2,700	257,240
Michigan	5,457	6,101	5,446	655	24,183	22,854	1,329	21,393	2,338	427,325
Minnesota	1,705	1,979	1,787	192	5,888	5,798	90	5,934	1,305	117,954
Mississippi	870	783	670	113	2,631	2,542	89	2,004	406	39,884
Missouri	2,438	2,848	2,420	428	9,621	9,411	210	9,391	2,073	187,261
Montana	267	259	238	21	558	522	36	515	112	10,250
Nebraska	157	75	66	9	333	317	16	312	57	6,219
Nevada	66	60	49	11	142	136	6	162	37	3,219
New Hampshire	451	612	452	160	1,504	1,442	62	1,441	297	28,567
New Jersey	5,284	6,234	5,311	923	26,453	24,936	1,517	24,827	4,632	495,847
New Mexico	35	144	123	21	375	360	15	328	74	6,646
New York	15,668	18,897	15,606	3,291	44,803	44,299	504	43,780	9,495	871,135
North Carolina	1,364	1,657	1,314	343	6,844	6,189	655	6,202	1,220	124,545
North Dakota	23	22	16	6	64	56	8	53	10	1,055
Ohio	3,994	3,936	3,936	(5)	11,269	10,959	310	8,408	955	165,873
Oklahoma	646	654	553	101	1,596	1,541	55	971	183	19,305
Oregon	421	408	318	90	1,083	968	115	942	172	18,684
Pennsylvania	9,477	10,871	9,477	1,394	45,538	42,863	2,675	42,155	9,333	842,548
Puerto Rico	503	749	446	303	16,748	16,043	705	17,483	524	349,123
Rhode Island	594	590	471	119	2,285	2,161	124	2,285	1,038	45,525
South Carolina	1,307	1,614	1,282	332	5,874	5,435	439	5,212	59	103,921
South Dakota	84	76	67	9	279	279	0	280	1,693	5,567
Tennessee	1,973	2,222	1,954	268	10,427	10,148	279	9,394	6,458	187,305
Texas	5,060	5,297	4,670	627	34,148	33,135	1,013	30,288	45	604,154
Utah	60	74	57	17	219	187	32	206	55	4,089
Vermont	124	152	117	35	333	309	24	311	553	6,057
Virginia	895	960	881	79	3,035	2,861	174	3,035	165	60,182
Washington	486	615	473	142	807	760	47	877	1,393	17,162
West Virginia	1,983	2,370	1,814	556	8,815	8,434	381	8,303	840	165,614
Wisconsin	1,478	1,319	1,178	141	3,808	3,722	86	3,858	2	76,296
Wyoming	56	13	9	4	11	11	0	16	4,145	320

[1] Represents activities under provisions of title V of the Servicemen's Readjustment Act of 1944.
[2] Includes Puerto Rico.
[3] Represents average weekly number of veterans paid readjustment allowances during weeks ended in month.
[4] One in week ended Sept. 29, 1945.
[5] Not applicable under Ohio procedure.

Source: Data reported to Readjustment Allowance Division, Veterans Administration, by unemployment compensation agencies in 48 States, the District of Columbia, Hawaii, and Alaska, and by Veterans Administration for Puerto Rico.

Table 9.—*Nonfarm placements, by State, October 1945*

U. S. Employment Service region and State	Total	Women	Veterans [1]
Total	601,337	173,326	119,134
Region I:			
Connecticut	6,300	2,527	1,374
Maine	4,322	910	720
Massachusetts	11,664	4,839	3,011
New Hampshire	1,940	764	534
Rhode Island	2,684	1,003	578
Vermont	685	180	285
Region II:			
New York	130,637	38,570	12,448
Region III:			
Delaware	912	208	219
New Jersey	14,040	5,340	2,405
Pennsylvania	25,320	8,337	5,648
Region IV:			
District of Columbia	4,143	1,598	812
Maryland	6,049	1,971	1,303
North Carolina	9,625	3,313	2,824
Virginia	10,071	3,584	2,187
West Virginia	4,244	1,114	1,276
Region V:			
Kentucky	4,359	1,131	1,346
Michigan	15,169	3,102	4,384
Ohio	27,429	8,072	6,880
Region VI:			
Illinois	21,220	6,447	6,313
Indiana	15,738	5,905	2,810
Wisconsin	12,349	4,375	3,058
Region VII:			
Alabama	10,715	2,728	2,433
Florida	10,724	4,887	2,807
Georgia	6,753	2,287	1,988
Mississippi	5,701	2,199	1,564
South Carolina	4,518	1,118	1,192
Tennessee	9,456	3,127	2,233
Region VIII:			
Iowa	6,967	2,233	2,175
Minnesota	13,927	3,795	3,574
Nebraska	4,069	963	1,075
North Dakota	1,124	201	222
South Dakota	1,775	308	393
Region IX:			
Arkansas	6,244	2,171	1,268
Kansas	5,300	1,455	1,314
Missouri	11,028	3,312	3,060
Oklahoma	6,450	1,490	2,047
Region X:			
Louisiana	4,839	1,264	1,473
New Mexico	2,477	467	580
Texas	32,110	8,735	6,984
Region XI:			
Colorado	7,677	1,388	1,616
Idaho	2,663	510	725
Montana	2,270	325	639
Utah	3,101	1,025	763
Wyoming	1,589	261	323
Region XII:			
Arizona	3,663	970	904
California	83,417	16,293	11,707
Nevada	2,497	628	563
Oregon	8,745	2,610	2,177
Washington	12,638	3,286	2,920

[1] Represents placements of veterans of all wars.

Source: Department of Labor, U. S. Employment Service.

Old-Age and Survivors Insurance

Monthly Benefits in Force and Payments Certified, October 1945

At the end of October, monthly benefits totaling $26.0 million were in force for 1.4 million persons (table 1).

The number of monthly benefits awarded in October—46,600—was greater than in any other month and was some 7,000 higher than in June, the previous high. This substantial rise in the total number was the result of marked increases in awards of primary and wife's benefits. Survivor benefit awards, while more than in September, were lower than in several earlier months of the year when war deaths were giving rise to a substantial number of claims.

The number of primary benefits awarded—22,900—exceeded by more than 6,500 the previous high figure in February 1940, and reflects the increase in displacements of older workers. To a certain extent, this increase in primary benefit awards may have lagged behind the corresponding increase in displacement of older workers, many of whom may have delayed filing primary benefit claims until after they had exhausted their unemployment compensation rights. Primary benefit awards will probably remain at a high level for some months, though not necessarily as high as in October.

The high mark in primary benefit awards was accompanied by a record number of transfers of primary benefits—about 7,000—from conditional-payment to current-payment or deferred-payment status. Transfer from conditional-payment status occurs when a primary beneficiary who has been working leaves covered employment. About one-third of the transfers of primary benefits from conditional-payment status are accompanied by a recomputation of the benefit amount to reflect the wages paid to the beneficiary during the period for which his benefit was withheld. Such recomputation is made on the request of the primary beneficiary when it is found that his benefit amount, computed as of the month of request, exceeds his benefit amount as previously determined.

More than $24.0 million was certified for monthly benefits during October, $1.3 million more than in September, while lump-sum certifications amounted to more than $2.4 million, as against $1.7 million in September.

Retired Railroad Workers in Employment Covered by Old-Age and Survivors Insurance

Under the Railroad Retirement Act a worker must withdraw from employment before he can qualify for an annuity. Also an annuitant's benefits must be suspended during any period of reemployment in the railroad industry or by the last person for whom he worked before retirement. If he is reemployed in some other industry and for some other person, however, he may continue to draw his annuity.

Recently the Railroad Retirement Board, in cooperation with the Social Security Board, made a study of individuals who, while receiving railroad retirement annuities, worked in employment covered under old-age and survivors insurance.[1] For technical reasons, the study was restricted to

[1] For brevity, such employment is called "social security employment" in this discussion.

Table 1.—*Monthly benefits in force [1] in each payment status,[2] actions effected during the month, and payments certified, by type of benefit, October 1945*

[Current month's data corrected to Nov. 15, 1945]

Status of benefit and action	Total		Primary		Wife's		Child's		Widow's		Widow's current		Parent's	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
In force as of Sept. 30, 1945	1,364,724	$25,215,117	555,636	$13,309,455	164,430	$2,086,716	397,684	$4,936,511	89,046	$1,795,122	151,918	$3,008,870	6,010	$78,443
Current-payment status	1,180,021	21,648,364	464,720	11,186,669	142,736	1,823,337	364,319	4,521,899	87,461	1,763,547	114,875	2,275,762	5,910	77,150
Deferred-payment status	5,176	93,991	2,686	57,293	475	5,541	1,020	12,820	165	3,470	816	14,669	14	198
Conditional-payment status	179,527	3,472,762	88,230	2,065,493	21,219	257,838	32,345	401,792	1,420	28,105	36,227	718,439	86	1,095
Suspended	146,922	2,776,702	75,372	1,700,947	17,035	199,746	27,248	337,812	887	17,171	26,308	520,120	72	906
Frozen	32,605	696,060	12,858	364,546	4,184	58,092	5,097	63,980	533	10,934	9,919	198,319	14	189
Actions during October 1945:														
Benefits awarded	46,615	947,040	22,917	592,233	7,450	99,756	9,700	123,725	2,372	48,503	4,037	80,983	139	1,840
Entitlements terminated [3]	9,720	174,092	2,937	70,950	1,432	18,029	3,074	39,927	318	6,339	1,914	38,296	45	551
Net adjustments [4]	−447	5,480	−195	5,556	−78	460	−155	−666	2	−23	−21	152	0	1
In force as of Oct. 31, 1945	1,401,172	25,993,545	575,421	13,836,294	170,370	2,168,903	404,155	5,019,643	91,102	1,837,263	154,020	3,051,709	6,104	79,733
Current-payment status	1,218,023	22,414,212	482,989	11,660,719	148,378	1,899,292	374,145	4,651,800	89,473	1,804,835	117,029	2,319,063	6,009	78,503
Deferred-payment status	5,244	95,823	2,654	57,734	461	5,598	1,148	14,332	166	3,484	807	14,592	8	83
Conditional-payment status	177,905	3,483,510	89,778	2,117,841	21,531	264,013	28,862	353,511	1,463	28,944	36,184	718,054	87	1,147
Suspended	143,769	2,740,415	75,361	1,705,617	17,015	200,664	23,954	291,932	918	17,759	26,448	523,485	73	958
Frozen	34,136	743,095	14,417	412,224	4,516	63,349	4,908	61,579	545	11,185	9,736	194,569	14	189
Payments certified in October [5]	------	[6] 26,446,261	------	12,411,575	------	2,035,714	------	5,049,909	------	1,895,899	------	2,536,660	------	84,526

[1] Represents total benefits awarded after adjustment for subsequent changes in number and amount of benefits (see footnote 4) and terminations (see footnote 3), cumulative from January 1940.

[2] Benefit in current-payment status is subject to no deduction or only to deduction of fixed amount which is less than current month's benefit. Benefit in deferred-payment status is one withheld entirely for a known period. Benefit in conditional-payment status is one withheld entirely for an indefinite period; if previously in current or deferred-payment status, it is a suspended benefit; otherwise it is a frozen benefit.

[3] Benefits are terminated when a beneficiary dies or loses entitlement to benefits for the reasons specified in 1939 amendments, sec. 202.

[4] Adjustments result from operation of maximum and minimum provisions of 1939 amendments, sec. 203 (a) and (b), and from other administrative actions.

[5] Distribution by type of benefit estimated; includes retroactive payments.

[6] Includes $2,430,275 paid as lump-sum benefits under 1939 amendments (payable with respect to workers who died after December 1939, if no survivor could be entitled to monthly benefits for month in which worker died) and $1,703 paid as lump-sum benefits under 1935 act (payable with respect to workers who died before January 1940).

persons whose annuities were awarded before July 1, 1944, and began to accrue before January 1, 1944.

It was found that 9.9 percent of the 190,864 individuals awarded annuities since the beginning of the railroad retirement program worked in social security employment at some time after their annuity payments began and before the end of 1943 (table 2). Largely by coincidence, this percentage is almost identical with the 9.8 percent of living annuitants in 1943 who worked in social security employment during that year. Had favorable employment opportunities not been widespread in 1943, the figure would no doubt have been less.

Table 2.—*Railroad retirement annuitants in employment covered by old-age and survivors insurance*

Type of annuity	Railroad workers to whom annuities had been awarded by end of June 1944 with beginning dates before 1944			Annuitants living in 1943		
	Total number	Annuitants who had entered social security employment		Total number	Annuitants with social security employment during 1943	
		Number	Percent		Number	Percent
All types	190,864	18,818	9.9	150,406	14,724	9.8
Age annuities:						
Beginning at age 65 or over	139,900	14,426	10.3	111,424	11,390	10.2
Beginning before age 65	10,022	1,916	19.1	9,288	1,458	15.7
Disability annuities:						
Based on 30 years of service	29,852	1,504	5.0	21,458	1,172	5.5
Based on less than 30 years of service	11,090	972	8.8	8,236	704	8.5

Of the four types of annuitants under the program, individuals retiring on age annuities before reaching age 65 were most likely to work in social security employment—whether one considers the total number on the rolls or the number in 1943. These annuitants undoubtedly constitute, collectively, the most employable of the four groups. Persons receiving age annuities at 65 years or over ranked second in likelihood of working in social security employment. The least likely were the two types of disability annuitants, but the fact that from 5 to 9 percent of these annuitants, depending upon the type of annuity and the basis of comparison, did have such employment is significant, and rather surprising.

The preretirement occupations of the annuitants had a decided bearing on whether or not they worked after retirement. In general, common laborers and workers with skilled trades were most likely to get social security employment, while men who had worked in the specialized railroad operating services were least likely. Thus, 14.2 percent of the retired carpenters and 12.0 percent of the retired track laborers entered social security employment by the end of 1943, but only 7.5 percent of the retired road conductors and only 4.5 percent of the retired road engineers did so.

Workers in the specialized railroad operations, on the other hand, have less easily transferable skills and are in general more highly paid. They tend, therefore, to remain in railroad service as long as possible, and their benefit amounts tend to be larger than those of workers with less specialized skills. It was found that annuitants receiving larger benefits were less likely to have jobs than annuitants with smaller benefit amounts, who not only found jobs more easily but whose greater presumptive need for additional income was an additional factor in encouraging their return to employment. Thus, while the average annuity awarded under the railroad program was $65.64, the average for those who worked after retirement was $61.20.

The social security earnings of retired men averaged $194 a quarter for all annuitants, including the disabled. More than one-fifth earned $300 or more a quarter, and some as much as $1,000. In general, earnings were substantial in relation to the amounts of the annuities.

The average duration of the employment—and consequently the prospects of annuitants' becoming eligible for benefits under old-age and survivors insurance—differed widely, depending on the period considered. Annuitants who entered social security employment in 1939 and 1940 worked, on the average, in somewhat less than one-half the subsequent elapsing quarters up to 1944. On the other hand, those who entered in 1942 and 1943 worked almost continuously thereafter.

At present, an aged person can become eligible for old-age and survivors insurance benefits rather easily. Those who attained age 65 before July 1940 need only 6 quarters of coverage. Those reaching age 65 thereafter need an additional quarter of coverage for each additional 6 months elapsing before they attain age 65. Because of these lenient requirements, a significant number of railroad annuitants had become eligible for old-age and survivors insurance benefits by the end of 1943. A sample check indicated that 3,260 out of the 18,818 railroad annuitants who had entered social security employment before 1944 had qualified for benefits by January 1, 1944. In addition, 548 other railroad annuitants, who did not work in social security employment after retirement, had qualified for old-age and survivors insurance benefits by January 1, 1944, on a basis of preretirement earnings. The number of railroad annuitants who qualify for benefits under old-age and survivors insurance will, of course, increase steadily.

In this connection it should be emphasized that the wage credits the worker acquires before he reaches retirement age are, in the long run, much more significant in terms of eligibility for benefits under the two systems than are his earnings thereafter. While almost 6.2 million persons had acquired wage credits under the railroad system by the end of 1944, not more than a million had been "continuously" attached to the railroad industry since the beginning of the program. The great majority of the remainder undoubtedly had had some social security employment.

At present, the wage credits and benefits of the railroad retirement program are entirely separate from those of the old-age and survivors insurance program. This lack of coordination between the two systems leads to two main types of inequity. First, persons who qualify for benefits under both systems are likely to receive a disproportionately large aggregate amount of benefits, because each system is designed to favor workers whose average earnings under the system are low. Second, workers with

wage credits under both systems may not have sufficient social security wages to qualify for benefits under old-age and survivors insurance, and these wages cannot be counted in determining the amount of the annuity under the railroad program.

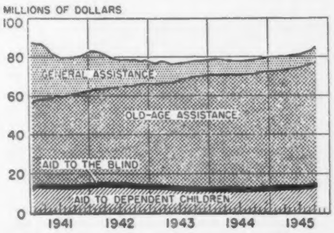
Proposed legislation now pending in Congress would partially correct these anomalies. Specifically, the plan provides for incorporating survivor benefits into the railroad retirement system and for coordinating these new benefits closely with the survivor benefits under the Social Security Act. The plan would not affect the retirement benefits of the two systems, however. The problem of disproportionately large or disproportionately small benefits to retired persons with wage credits under both programs would not only remain but would also increase in importance as the number of persons affected increases.

Public Assistance

In October as in September (the first full month after the Japanese surrender), the number of recipients increased for each type of public assistance except aid to the blind. The differences in the degree of increase in the various programs illustrate the differences in the effect of employment conditions on the respective case loads. The number of persons receiving aid to the blind continued practically unchanged. Recipients of old-age assistance increased very slightly (0.2 percent). The number of families receiving aid to dependent children was 1.7 percent more, and the number of general assistance cases rose 3.1 percent.

Increases of 3 percent or more in the case load for aid to dependent children occurred in 9 States—Connecticut, Florida, Hawaii, Maryland, New Jersey, New York, Pennsylvania, Rhode Island, and Washington. About one-third of the increase in the country as a whole occurred in New York, where liberalizations of eligibility requirements and resulting transfers from general assistance were partly responsible for a rise of 7 percent from September and a total rise of 18 percent since June. Case loads for aid to dependent children were higher than in September in 39 States.

Chart 1.—*Public assistance in the United States, January 1941–October 1945*



The October rise was the fourth

Table 1.—*Public assistance in the United States, by month, October 1944–October 1945* [1]

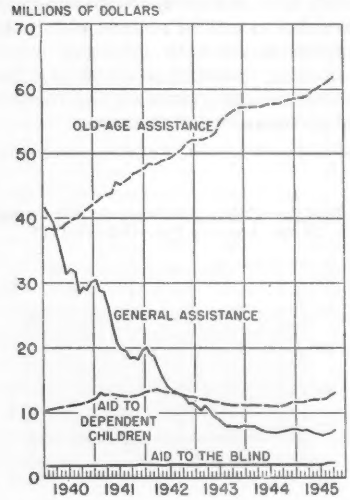
Year and month	Total	Old-age assistance	Aid to dependent children		Aid to the blind	General assistance	Total	Old-age assistance	Aid to dependent children		Aid to the blind	General assistance
			Families	Children					Families	Children		
	Number of recipients						Percentage change from previous month					
1944												
October		2,069,203	251,469	633,405	72,465	254,000		−0.1	−0.4	−0.3	−0.1	(2)
November		2,067,650	251,653	633,778	72,377	255,000		−.1	+.1	+.1	−.1	+0.3
December		2,065,892	253,681	638,882	72,301	258,000		−.1	+.8	+.8	−.1	+1.4
1945												
January		2,059,202	254,728	642,116	72,145	260,000		−.3	+.4	+.5	−.2	+.6
February		2,052,886	255,289	643,803	71,893	258,000		−.3	+.2	+.3	−.3	−.5
March		2,048,805	256,075	646,187	71,653	258,000		−.2	+.3	+.4	−.3	(2)
April		2,044,128	256,041	646,729	71,497	252,000		−.2	(3)	+.1	−.2	−2.5
May		2,040,724	255,987	646,825	71,304	238,000		−.2	(3)	(2)	−.3	−5.7
June		2,038,443	255,674	646,801	71,194	234,000		−.1	−.1	(3)	−.2	−1.4
July		2,034,595	254,314	644,088	71,084	232,000		−.2	−.5	−.4	−.2	−1.0
August		2,033,186	255,120	647,199	71,026	230,000		−.1	+.3	+.5	−.1	−.7
September		2,034,955	258,595	657,863	70,753	232,000		+.1	+1.4	+1.6	−.4	+.7
October		2,039,716	263,002	669,325	70,686	239,000		+.2	+1.7	+1.7	−.1	+3.1
	Amount of assistance						Percentage change from previous month					
1944												
October	$78,738,323	$58,188,918	$11,198,912		$2,112,493	$7,238,000	+0.9	+0.5	+1.2		+0.2	+3.4
November	79,210,750	58,502,144	11,306,971		2,117,635	7,284,000	+.6	+.5	+1.0		+.2	+.6
December	79,829,784	58,721,787	11,560,642		2,119,355	7,428,000	+.8	+.4	+2.2		+.1	+2.0
1945												
January	79,978,727	58,736,891	11,635,258		2,120,578	7,486,000	+.2	(2)	+.6		+.1	+.8
February	79,806,522	58,693,475	11,741,862		2,122,185	7,249,000	−.2	−.1	+.9		+.1	−3.2
March	80,358,700	58,856,126	11,903,031		2,120,543	7,479,000	+.7	+.3	+1.4		−.1	+3.2
April	80,194,990	59,062,140	11,987,848		2,119,002	7,026,000	−.2	+.3	+.7		−.1	−6.1
May	80,896,330	59,826,101	12,037,783		2,123,446	6,909,000	+.9	+1.3	+.4		+.2	−1.7
June	81,117,191	60,047,012	12,133,500		2,133,679	6,803,000	+.3	+.4	+.8		+.5	−1.5
July	81,380,112	60,536,297	12,091,159		2,134,656	6,618,000	+.4	+.9	−.3		(2)	−2.7
August	82,308,973	60,943,111	12,260,634		2,266,228	6,839,000	+1.1	+.7	+1.4		+6.2	+3.3
September	83,225,179	61,391,799	12,654,076		2,291,304	6,888,000	+1.1	+.7	+3.2		+1.1	+.7
October	85,190,452	62,137,404	13,171,259		2,344,789	7,537,000	+2.4	+1.2	+4.1		+2.3	+9.4

[1] Partly estimated and subject to revision. For monthly data before 1944 for continental United States, see the *Bulletin*, February 1944, p. 27. Beginning with March 1945 *Bulletin*, data cover 51 jurisdictions. Excludes programs administered without Federal participation in States administering such programs concurrently with programs under the Social Security Act.

[2] Increase of less than 0.05 percent.

[3] Decrease of less than 0.05 percent.

Chart 2.—*Payments to recipients of public assistance, January 1940–October 1945*



monthly increase in the general assistance load this year and the largest percentage increase since January 1940. The number of cases rose in 37 of the 46 reporting States and amounted to more than 10 percent in Hawaii, Michigan, Nebraska, and Washington. The upward trend in assistance cases reflects a growing volume of requests for assistance. Special reports from large-city agencies show an uninterrupted rise in the number of requests from April to September, followed by a jump of 28 percent from September to October.

In each program, total payments rose more than case loads. The average payment went up the most for general assistance ($1.80) and for families with dependent children ($1.15); yet even the old-age assistance average, which increased nationally only 29 cents, was higher in 47 of the 51 reporting States. For the first time in the records of the Social Security Board, the general assistance average exceeded $30.

Safeguarding Confidential Information*

The Bureau of Old-Age and Survivors Insurance and the Bureau of Public Assistance recently issued revised instructions to their staffs regarding the interchange of information between public assistance and other public and private welfare agencies and the field offices of the Bureau of Old-Age and Survivors Insurance. Both releases modify instructions for agency procedures and the use of forms in safeguarding information about the individual when welfare agencies are unable to obtain old-age and survivors insurance information from the client directly and deem it necessary to request it from the Bureau of Old-Age and Survivors Insurance. The new instructions also specify that private and other public welfare agencies need no longer channel their requests for claims information through the agency that administers approved public assistance plans but should communicate directly with the field office that handled the claim.

The instructions emphasize that the applicant or recipient should be the primary source of information about his eligibility for benefits, as it is expected that ordinarily the individual can show his certificate of a benefit award or notice that his claim was disallowed. They are also designed to safeguard the confidential nature of the old-age and survivors insurance information in accordance with the Board's Regulation No. 1 and the Board's standards for safeguarding public assistance information, issued May 7, 1941.

*Summarized from State Letter No. 56 (superseding State Letter No. 38), issued September 25, 1945, by the Bureau of Public Assistance to State agencies administering approved public assistance plans.

Table 2.—*Old-age assistance: Recipients and payments to recipients, by State, October 1945* [1]

State	Number of recipients	Payments to recipients: Total amount	Payments to recipients: Average	Percentage change from— September 1945 in— Number	September 1945 in— Amount	October 1944 in— Number	October 1944 in— Amount
Total	2,039,716	$62,137,404	$30.46	+0.2	+1.2	−1.4	+6.8
Ala.	33,451	517,626	15.47	+2.6	+1.7	+10.5	+7.5
Alaska	1,334	50,436	37.81	+1.1	+2.9	−2.1	+13.9
Ariz.	9,464	365,846	38.66	+.2	+.3	−.5	(2)
Ark.	26,037	429,623	16.50	−.7	−.7	−6.2	−11.9
Calif.	158,331	7,501,114	47.38	+.1	+.2	+.2	+.6
Colo.	40,145	1,662,912	41.42	(2)	+.1	−1.5	−1.1
Conn.	14,025	554,648	39.55	+.2	+.4	−1.3	+12.1
Del.	1,242	21,172	17.05	−1.4	−.1	−15.2	−2.4
D. C.	2,368	87,358	36.89	−.5	+.8	−10.1	+2.4
Fla.	41,874	1,227,936	29.32	+.7	+1.2	+6.9	+10.4
Ga.	66,879	783,080	11.71	−.1	+.3	−2.1	+3.2
Hawaii	1,439	34,214	23.78	+.5	+1.8	−1.7	+9.2
Idaho	9,658	311,066	32.21	+.6	+.8	−1.7	+4.2
Ill.	121,347	3,987,979	32.86	+.3	+1.6	−2.7	+3.0
Ind.	54,297	1,406,402	25.90	−.2	+.1	−6.2	−1.4
Iowa	48,823	1,581,926	32.40	−.1	+.7	−3.7	+5.0
Kans.	28,129	838,636	29.81	+.2	+1.9	−.6	+3.9
Ky.	46,344	536,409	11.57	−.6	−.5	−13.1	−11.0
La.	35,812	837,623	23.39	−.1	−.5	−.7	+3.9
Maine	14,829	444,169	29.95	+.2	+.4	−1.0	+5.6
Md.	11,536	326,066	28.27	+.4	+1.0	−4.5	+1.7
Mass.	75,145	3,269,347	43.51	+.6	+1.6	+.3	+7.8
Mich.	85,100	2,747,067	32.28	+.5	+1.7	−.1	+8.7
Minn.	54,305	1,733,167	31.92	−.1	+3.2	−4.0	+5.8
Miss.	26,915	428,007	15.90	+.1	+.8	−2.8	+5.9
Mo.	100,646	$2,535,937	$25.20	+0.5	+2.5	−1.7	+9.5
Mont.	10,662	338,970	31.79	−.1	+.3	−2.6	+4.5
Nebr.	23,865	705,545	29.56	−.1	+2.0	−3.9	+7.3
Nev.	1,931	74,351	38.50	−.1	(2)	−1.2	−.4
N. H.	6,525	197,178	30.22	+.1	+.8	−1.0	+6.2
N. J.	23,262	754,005	32.41	+.1	+.8	−6.5	+1.8
N. Mex.	6,040	187,099	30.98	+1.6	+1.4	+10.6	+6.0
N. Y.	103,286	3,887,375	37.64	+.2	+6.4	−3.2	+5.8
N. C.	32,804	430,254	13.12	+.1	+1.4	−.9	+13.1
N. Dak.	8,636	292,171	33.83	−.3	+.6	−1.7	+3.0
Ohio	116,772	3,567,444	30.55	−.1	+.4	−5.1	−.3
Okla.	80,411	2,825,885	35.14	+.8	+.9	+4.6	+37.5
Oreg.	20,269	770,835	38.03	+.3	+1.0	+2.8	+13.8
Pa.	83,027	2,551,194	30.73	+.3	+.7	−1.7	+4.8
R. I.	7,333	251,429	34.29	+.9	+1.3	+1.7	+8.1
S. C.	21,753	343,040	15.77	+.7	+2.3	+1.5	+15.5
S. Dak.	12,620	330,278	26.17	−.2	+.6	−2.8	+6.3
Tenn.	37,805	607,098	16.06	(3)	−.1	−1.2	−4.4
Tex.	171,727	4,131,675	24.06	+.3	+.5	+1.3	+13.0
Utah	12,781	497,051	38.89	−.1	(3)	−2.9	+2.3
Vt.	5,217	121,056	23.20	+.2	+.6	+1.4	+14.3
Va.	14,896	217,918	14.63	−.2	+1.1	−5.9	+6.3
Wash.	61,917	3,090,953	49.92	+.3	+.4	+3.3	+36.3
W. Va.	18,352	285,790	15.57	−.3	−.2	−1.0	−15.3
Wis.	44,958	1,335,858	29.71	+.5	+1.1	−3.5	+2.4
Wyo.	3,392	123,186	36.32	+.1	+.1	+3.1	+18.9

[1] For definitions of terms see the *Bulletin*, July 1945, pp. 27-28. All data subject to revision.
[2] Increase of less than 0.05 percent.
[3] Decrease of less than 0.05 percent.

The Bureau of Public Assistance has emphasized the necessity of informing the client when information about him is being requested from any other source. It has urged that the consent of the individual to such a request is pertinent to leaving him free to control his decisions and protecting his right to privacy.

In addition, experience indicates that the local welfare agency can obtain old-age and survivors insurance information most expeditiously from the old-age and survivors insurance field office that serves the territory in

Table 3.—*General assistance: Cases and payments to cases, by State, October 1945* [1]

State	Number of cases	Payments to cases		Percentage change from—			
		Total amount	Average	September 1945 in—		October 1944 in—	
				Number	Amount	Number	Amount
Total [2]	239,000	$7,537,000	$31.52	+3.1	+9.4	−5.8	+4.1
Ala.	3,440	48,827	14.19	+4.8	+3.5	+18.4	+16.1
Alaska	137	5,125	37.41	−12.2	+3.2	+26.9	+62.8
Ariz.	1,912	58,611	30.65	+3.9	+5.5	−9.8	−6.8
Ark.[3]	2,610	31,454	12.05	+.6	+2.0	−7.6	−2.1
Calif.	12,520	494,029	39.46	+7.3	+7.5	+12.9	+27.4
Colo.	3,001	93,909	31.29	+1.1	+1.9	−33.9	−31.1
Conn.	[4] 2,624	[4] 94,389	35.97	+4.8	+13.8	+3.3	+13.4
Del.	344	8,907	25.89	+2.4	+3.8	+6.2	+10.1
D. C.	721	30,420	42.19	−1.1	+.9	−12.4	−1.4
Fla.	[5] 4,000	[5] 37,000					
Ga.	2,505	31,287	12.49	−3.9	+1.1	−5.1	+2.5
Hawaii	560	17,952	32.06	+10.2	+8.2	−1.1	+7.4
Idaho [6]	489	10,859	22.21	−.8	+.6	−20.0	−12.1
Ill.	22,681	776,348	34.23	+.9	+8.1	−12.6	−15.8
Ind.[7]	6,503	146,261	22.49	+7.4	+12.0	+13.3	+17.9
Iowa	3,737	77,795	20.82	+1.4	+9.4	−10.4	−4.9
Kans.	3,238	98,641	30.46	+2.1	+4.0	−3.7	+7.9
Ky.	[5] 1,600	[5] 24,000					
La.	7,232	152,377	21.07	+4.6	+3.2	+12.9	+38.6
Maine	1,850	59,348	32.08	+1.4	+5.6	−2.8	+4.8
Md.	5,363	186,379	34.75	+5.8	+11.0	+21.6	+24.7
Mass.	12,498	440,223	35.22	+1.3	+9.3	−2.8	+8.0
Mich.	12,873	527,077	40.94	+10.7	+38.7	+29.0	+64.9
Minn.	4,798	145,267	30.28	+5.5	+18.6	−14.4	−5.3
Miss.	337	2,852	8.46	−1.2	−.7	+13.9	+35.9
Mo.[8]	8,036	179,434	22.33	+1.4	+4.6	+5.8	−.4
Mont.	967	24,910	25.76	+1.6	+6.0	−18.1	−11.6
Nebr.	1,720	38,975	22.66	+10.8	+20.3	+1.5	+15.8
Nev.	209	4,905	23.47	+1.0	−2.3	+2.5	+39.5
N. H.	1,069	30,438	28.47	+4.2	+10.2	−17.7	−16.0
N. J.[7]	4,635	161,579	34.86	+3.2	+10.1	−5.9	+.5
N. Mex.[8]	1,131	17,296	15.29	+6.0	+3.0	+18.8	−8.9
N. Y.	[9] 33,982	1,636,593	48.16	+.6	+6.0	−13.2	−8.0
N. C.	2,502	29,951	11.97	+4.8	+10.7	+4.3	+23.0
N. Dak.	576	14,565	25.29	+.3	−.7	−10.7	−2.8
Ohio	11,574	346,666	29.95	+5.2	+10.8	+3.0	+12.7
Okla.	[10] 4,945	41,871	([10])	([10])	+7.7	([10])	+1.0
Oreg.	3,488	159,471	45.72	+5.4	+10.5	+7.3	+29.7
Pa.	20,262	561,809	27.73	+2.6	+8.2	−3.3	+18.7
R. I.	1,983	70,883	35.75	−.8	+9.8	+9.7	+7.4
S. C.	2,998	40,801	13.61	+1.9	+4.0	+16.3	+47.9
S. Dak.	650	15,371	23.65	−5.4	+8.0	−22.1	−6.3
Tenn.	[5] 1,200	[5] 10,100					
Tex.	[5] 2,800	[5] 47,000					
Utah	1,352	56,859	42.06	+1.0	+3.5	−6.0	−.4
Vt.	719	15,907	22.12	−4.4	−9.5	−13.0	−15.5
Va.	2,969	49,140	16.55	+1.3	+2.2	−5.2	+3.2
Wash.	5,785	287,391	49.68	+10.7	+10.6	−57.2	+6.9
W. Va.	3,872	45,586	11.77	+1.6	+3.2	−16.9	−45.0
Wis.	4,635	124,578	26.88	+3.3	+14.6	−4.8	+2.3
Wyo.	308	9,794	31.80	−3.1	−5.2	−10.5	+7.1

[1] For definitions of terms see the *Bulletin*, July 1945, pp. 27–28. All data subject to revision.

[2] Partly estimated; does not represent sum of State figures because total excludes estimated number of cases and payments for medical care, hospitalization, and burial only in Indiana and New Jersey, and estimated duplication of cases in Oklahoma.

[3] State program only; excludes program administered by local officials.

[4] Based on actual reports including an estimated 93 percent of cases and 94 percent of payments.

[5] Estimated.

[6] Excludes assistance in kind and cases receiving assistance in kind only and for a few counties, cash payments and cases receiving cash payments. Amount of payments shown represents approximately 60 percent of total.

[7] Includes unknown number of cases receiving medical care, hospitalization, and burial only, and total payments for these services.

[8] Excludes a few cases and a small amount of local funds not administered by the State agency.

[9] Includes cases receiving medical care only; number believed by State agency to be insignificant.

[10] Represents 1,798 cases aided by county commissioners, and 3,147 cases aided under program administered by State Board of Welfare; amount of duplication believed to be large; average per case and percentage change in number of cases cannot be computed.

Table 4.—*Aid to the blind: Recipients and payments to recipients, by State, October 1945* [1]

State	Number of recipients	Payments to recipients		Percentage change from—			
		Total amount	Average	September 1945 in—		October 1944 in—	
				Number	Amount	Number	Amount
Total	70,686	$2,344,789	$33.17	−0.1	+2.3	−2.5	+11.0
Total, 46 States[2]	54,976	1,748,635	31.81	([3])	+2.2	−2.7	+5.9
Ala.	771	12,561	16.29	+.5	+2.3	+4.8	+5.1
Ariz.	452	20,974	46.40	−.7	−.5	+6.9	+11.0
Ark.	1,155	21,292	18.43	−.6	−.8	−5.9	−12.6
Calif.	5,360	310,459	57.92	+.4	+9.2	−6.7	+13.5
Colo.	452	16,541	36.60	−.2	([8])	−11.0	−9.0
Conn.[4]	130	4,943	38.02	+1.6	+2.1	−4.4	+8.3
D. C.	197	8,030	40.76	+1.5	+2.4	−13.2	−2.6
Fla.	2,307	70,009	30.35	+.2	+.9	+1.1	+4.1
Ga.	2,034	29,312	14.41	0	+.2	−3.6	−.9
Hawaii	54	1,398	25.89	([5])	([5])	([5])	([5])
Idaho	201	6,767	33.67	−2.0	−1.9	−6.5	−1.7
Ill.	5,086	174,631	34.34	−.3	−.1	−3.1	+2.7
Ind.	1,952	57,536	29.48	−.3	−.3	−9.8	−12.4
Iowa	1,220	43,927	36.01	−.3	+1.2	−8.3	+1.9
Kans.	1,035	33,308	32.18	−.7	+1.8	−5.3	−1.1
Ky.	1,562	20,380	13.05	−.6	−.4	−2.9	−3.0
La.	1,348	36,281	26.91	+.4	−.1	−5.0	−.8
Maine	802	24,911	31.06	−.1	+.4	−5.3	+2.0
Md.	436	13,747	31.53	+.2	+.5	−2.9	+2.7
Mass.	981	44,442	45.30	+.7	+1.1	+4.4	+13.3
Mich.	1,253	44,404	35.44	+.8	+1.7	−.6	+4.8
Minn.	942	36,102	38.32	−1.1	+.3	+.5	+9.8
Miss.	1,468	32,749	22.31	+.2	−.2	+3.6	+39.6
Mo.	*2,874*	[6] *86,200*	[7] *30.00*				
Mont.	326	11,375	34.89	0	+.1	+3.8	+17.9
Nebr.	437	13,208	30.22	−.9	+1.1	−11.0	+5.9
Nev.	*29*	*1,231*	([5])	([5])	([5])	([5])	([5])
N. H.	274	8,408	30.69	−.4	−.2	+.7	+6.9
N. J.	524	17,957	34.27	−.2	+.3	−4.2	+6.6
N. Mex.	241	6,968	28.91	−1.2	−1.6	−9.1	−10.4
N. Y.	2,963	123,615	41.72	+.7	+5.8	+3.1	+13.5
N. C.	2,396	46,413	19.37	+.3	+1.5	+5.0	+21.1
N. Dak.	108	3,605	33.38	−2.7	−6.4	−8.5	−5.1
Ohio	3,029	83,421	27.54	+.4	+.7	−3.3	+1.7
Okla.	1,878	68,196	36.31	+.6	+.8	+.8	+24.8
Oreg.	378	17,871	47.28	+.5	+.7	+1.9	+9.7
Pa.	*12,807*	*508,723*	*39.72*	*+.4*	*+.8*	*−.8*	*+32.0*
R. I.	105	3,328	31.70	+1.9	+1.7	([5])	([5])
S. C.	957	19,682	20.57	0	+.5	+8.8	+15.6
S. Dak.	211	4,968	23.55	−1.9	−1.0	−1.4	+7.4
Tenn.	1,537	30,498	19.84	−.3	−.1	−.5	−3.0
Tex.	4,300	104,432	24.29	([8])	+.3	−6.6	−5.9
Utah	128	5,161	40.32	0	+.5	0	−.8
Vt.	167	5,131	30.72	+1.8	+1.9	+7.7	+15.5
Va.	952	17,818	18.72	−.5	+.3	−1.3	+8.3
Wash.	583	31,815	54.57	0	+1.3	−5.8	+31.1
W. Va.	802	14,560	18.15	−.7	−.7	−1.5	−21.6
Wis.	1,365	40,914	29.97	−.3	+.1	−7.3	−2.1
Wyo.	117	4,587	39.21	0	+.3	−4.1	+5.4

[1] For definitions of terms see the *Bulletin*, July 1945, pp. 27–28. Figures in italics represent programs administered without Federal participation. Data exclude program administered without Federal participation in Connecticut, which administers such program concurrently with program under the Social Security Act. Alaska and Delaware do not administer aid to the blind. All data subject to revision.

[2] Under plans approved by Social Security Board.

[3] Increase of less than 0.05 percent.

[4] For description of concurrent program see the *Bulletin*, April 1945, p. 26.

[5] Not computed. Average payment not calculated on base of less than 50 recipients; percentage change, on less than 100 recipients.

[6] Estimated.

[7] Statutory monthly pension; excludes payments for other than a month.

[8] Decrease of less than 0.05 percent.

which the claimant is living. State agencies are urged to consider this method if they have not already done so. It is recognized that local clearance would be inconsistent with the organization in some States.

As was indicated in an earlier release, agencies should make sure that persons who are eligible for insurance benefits are assisted in filing their claims and are referred to the field office serving the area in which they live. However, routine requests for information about claimants or beneficiaries are not anticipated from either public assistance or other welfare agencies, and information on the status of a claim for benefits will be furnished only when the requesting agency is unable to obtain satisfactory information from the claimant.

In the case of a public assistance agency administering a program under the Social Security Act, an official of the agency must sign a statement that the information will be used only in determining the person's need and will not be disclosed except in accordance with the instructions of the Social Security Board or under the provisions of the approved State plan for public assistance. Though the claimant's signature need not appear on the request, the agency is expected to interpret to him the necessity for the information and the fact that it will be requested.

Other public or private welfare agencies must obtain the written permission of the claimant, and an official of the agency must sign a statement that the information will be used only in determining the person's need and will not be disclosed to any other organization or person except with the consent of the individual concerned.

If the field office of the Social Security Board has information that a person receiving old-age and survivors insurance benefits is also receiving old-age assistance, aid to the blind, or aid to dependent children under the Social Security Act and there is a doubt that the public assistance agency knows about the insurance benefits, the local public assistance agency will be notified unless the public assistance agency has designated another point of clearance. Information is not sent voluntarily to other agencies or for other programs.

Table 5.—*Aid to dependent children: Recipients and payments to recipients, by State, October 1945*[1]

State	Number of recipients: Families	Number of recipients: Children	Payments to recipients: Total amount	Payments to recipients: Average per family	Percentage change from September 1945 in— Number of— Families	Percentage change from September 1945 in— Number of— Children	Percentage change from September 1945 in— Amount	Percentage change from October 1944 in— Number of— Families	Percentage change from October 1944 in— Number of— Children	Percentage change from October 1944 in— Amount
Total	263,002	669,325	$13,171,259	$50.08	+1.7	+1.7	+4.1	+4.6	+5.7	+17.6
Total, 50 States[2]	262,938	669,199	13,169,344	50.09	+1.7	+1.7	+4.1	+4.6	+5.7	+17.6
Alabama	5,429	15,015	140,530	25.89	+1.6	+1.5	+1.2	+13.1	+14.2	+17.7
Alaska	33	102	1,739	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Arizona	1,408	4,077	55,924	39.72	+1.1	+1.3	+1.3	+.9	+1.1	+3.9
Arkansas	4,041	10,666	104,900	25.96	−1.0	−1.5	−.4	−13.6	−14.5	−20.2
California	6,523	16,484	549,333	84.21	+2.5	+2.7	+2.8	+3.6	+2.3	+11.3
Colorado	3,145	8,648	183,981	58.50	+.6	+1.1	+2.5	−5.8	−3.6	+53.3
Connecticut	2,118	5,313	175,769	82.99	+3.2	+2.0	+7.1	+13.7	+10.9	+25.3
Delaware	275	785	21,126	76.82	+1.1	+.8	+3.4	+8.3	+9.8	+30.9
District of Columbia	634	1,986	44,973	70.94	+2.9	+1.8	+6.0	+17.6	+17.2	+39.2
Florida[4]	6,058	15,092	205,369	33.90	+3.1	+3.2	+3.4	+53.2	+56.6	+57.0
Georgia	3,970	9,968	100,388	25.29	−.2	−.2	−.1	0	+2.0	+1.8
Hawaii	510	1,558	33,148	65.00	+3.9	+2.5	+3.5	−1.5	−4.8	+13.4
Idaho	1,179	3,143	64,635	54.82	−.4	−.3	+1.6	−10.2	−12.3	+32.8
Illinois	19,740	47,571	1,026,801	52.02	+.2	+.5	+3.7	−.4	+.5	+33.4
Indiana	5,857	13,783	216,168	36.91	+.3	+.5	+.8	−13.6	−10.4	−9.0
Iowa	3,072	7,743	98,814	32.17	+1.5	+1.9	+3.1	+1.4	+3.6	+20.8
Kansas	2,843	7,253	148,085	52.09	+1.0	+1.3	+2.9	−6.4	−6.1	+2.4
Kentucky[4]	4,926	13,164	106,074	21.53	+1.3	−2.1	+1.1	+6.3	+4.2	+3.3
Louisiana	8,650	22,370	345,603	39.95	−1.1	−1.3	−1.8	−7.3	−6.9	+1.4
Maine	1,347	3,839	91,002	67.56	+.5	+.7	+2.7	+4.7	+5.6	+22.0
Maryland	3,054	8,718	115,713	37.89	+3.4	+2.4	+4.2	+13.4	+12.8	+15.2
Massachusetts	7,214	17,893	596,508	82.69	+1.3	+1.6	+4.5	+3.4	+4.1	+12.1
Michigan	13,131	31,766	883,707	67.30	+1.7	+1.7	+3.4	+5.0	+5.4	+17.5
Minnesota	4,542	11,517	230,114	50.66	+.3	−.3	+2.7	−9.5	−7.9	+12.3
Mississippi	2,980	7,776	77,947	26.16	+1.4	+1.6	+1.5	+4.6	+7.0	+6.2
Missouri	11,458	30,008	404,039	35.26	+2.1	+2.6	+3.1	+6.4	+11.1	+13.3
Montana	1,249	3,194	60,997	48.84	−1.6	−1.5	+.1	−6.1	−3.7	+35.3
Nebraska[4]	2,079	4,914	108,942	52.40	+.9	+.9	+5.0	−16.7	−15.1	+34.5
Nevada	*64*	[5] *126*	*1,915*	*29.92*	(3)	(3)	(3)	(3)	(3)	(3)
New Hampshire	794	2,013	55,291	69.64	+1.8	+3.3	+4.2	+16.9	+18.0	+46.1
New Jersey	3,210	8,108	198,251	61.76	+3.0	+3.5	+4.0	−10.4	−7.7	+6.0
New Mexico	2,585	6,840	97,039	37.54	+.1	−.1	+.1	+20.7	+11.1	+10.9
New York	22,340	53,633	1,809,727	81.01	+7.0	+8.0	+12.8	+21.0	+25.8	+30.8
North Carolina	6,032	15,729	156,063	25.87	+.1	+.5	+1.2	−2.9	+3.4	+14.1
North Dakota	1,368	3,783	76,991	56.28	−1.6	−1.7	−1.2	−9.2	−8.3	+5.9
Ohio	7,401	20,201	422,908	57.14	+1.1	+.7	+2.8	−3.0	−2.0	+5.3
Oklahoma	15,603	37,785	543,838	34.85	+1.7	+1.9	+1.8	+15.7	+15.7	+18.8
Oregon	1,227	2,994	99,143	80.80	+.6	−.3	+1.3	+3.0	+2.5	+9.9
Pennsylvania	23,775	62,999	1,554,412	65.38	+3.3	+3.4	+4.4	+10.4	+10.8	+29.8
Rhode Island	1,379	3,517	92,663	67.20	+4.3	+3.8	+4.6	+23.6	+20.1	+24.1
South Carolina	3,776	11,047	86,018	22.78	+1.0	+.6	+.8	+10.8	+7.6	+6.9
South Dakota	1,450	3,547	55,098	38.00	+.3	+.9	+1.3	−1.4	+3.7	+15.2
Tennessee	11,060	29,092	336,752	30.45	+.6	+1.0	+.9	+2.0	+3.3	+.3
Texas	10,996	24,128	228,946	20.82	−.5	−.6	−.5	+4.0	+4.9	+3.7
Utah	1,802	4,857	133,104	73.86	0	(6)	−.5	−1.6	−.7	+.2
Vermont	569	1,476	19,778	34.76	−.7	−.3	+.1	+3.6	+6.3	+7.6
Virginia	3,484	9,848	112,924	32.41	+.7	+.5	+.9	−.4	−.6	+18.0
Washington	3,776	9,427	358,078	94.83	+3.2	+3.8	+5.7	+17.0	+18.0	+31.6
West Virginia	7,084	19,818	199,195	28.12	+.7	+.5	+1.1	+6.3	+6.5	−10.2
Wisconsin	5,490	13,251	324,749	59.15	+2.1	+1.8	+3.9	−8.2	−8.0	+2.8
Wyoming	272	760	16,047	59.00	−1.1	−.3	+.3	−11.4	−7.0	+18.0

[1] For definitions of terms see the *Bulletin*, July 1945, pp. 27–28. Figures in italics represent program administered without Federal participation. Data exclude programs administered without Federal participation in Florida, K[illegible]y, and Nebraska, which administer such programs concurrently with programs under the Social Security Act. All data subject to revision.

[2] Under plans approved by Social Security Board.

[3] Not computed. Average payment not calculated on base of less than 50 families; percentage change, on less than 100 families.

[4] For description of concurrent program see the *Bulletin*, April 1945, p. 26.

[5] Estimated.

[6] Decrease of less than 0.05 percent.

Social and Economic Data

Social Security and Other Income Payments

Income payments to individuals—$13 billion in October—were 1.4 percent more than in September but 1.3 percent less than in October 1944. Social insurance and related payments rose 92 percent above the level a year earlier and accounted for 2.5 percent of all payments in October as compared with 1.3 percent last October. Income payments ranged above September levels in all categories except military allowances and above levels of a year earlier for all except compensation of employees (table 1).

Compensation of employees, which represented 68 percent of all income payments in October, was only slightly more than the September amount but fell 5.9 percent below that in October 1944. Wages and salaries in commercial and industrial establishments were 14 percent less than a year earlier, while the decrease in all other industries combined amounted to about 1 percent. Railroad pay rolls were up by less than 1 percent in the same period and domestic service rose 8 percent, but these increases were more than offset by declines in government pay rolls (2.4 percent) and in agriculture (5.4 percent).

Entrepreneurial income, net rents, and royalties increased 3.1 percent over the September amount and 3.9 percent above that a year earlier. Dividends and interest payments continued upward, rising 11 percent during the 12-month period. Payments for direct relief also increased, by 2.4 and 7.6 percent over September 1945 and October 1944 levels, respectively.

Military allowances moved downward in October for the second successive month, reflecting the decline in the number of dependents receiving such payments as servicemen are released from the armed forces.

Social insurance and related payments stood one-fourth higher than in September and ranged 92 percent above those in October 1944. The sharp rise in State unemployment compensation benefits contributed largely to this increase.

Social Insurance and Related Payments

Payments in October under the selected programs (table 2) totaled $260 million, more than a third above the September total and more than two and one-half times the amount a year earlier. The programs included in the monthly series represented more than three-fourths of all social insurance and related payments as estimated by the Department of Commerce.

Payments for unemployment insurance again showed a spectacular rise—to more than twice the September amount and more than 23 times the amount in October 1944. An estimated weekly average of 1.2 million beneficiaries received State unemployment compensation payments in October, nearly equal to the all-time record of 1.3 million in June 1940; the amount disbursed in October—about $106 million—far surpassed the previous record of $55.7 million paid in July 1940. Payments to unemployed veterans under the Servicemen's Readjustment Act amounted to about $14 million in October, 87 percent more than in September and nearly 19 times the amount in October 1944 when the program was just getting under way. The number of unemployed veterans receiving readjustment allowances rose from 98,800 during the week ended October 6 to 155,200 during the week ended October 27; the weekly average for the month was 123,000. The average number of railroad workers receiving unemployment benefits during a 14-day registration period in October—5,800—was 176 percent above the September level; in October 1944, only 800 workers drew unemployment checks. Payments under the Railroad Unemployment Insurance Act, which

Table 1.—*Income payments to individuals, by specified period, 1936–45* [1]

[In millions; data corrected to Dec. 7, 1945]

Calendar year and month	Total [2]	Compensation of employees [3]	Entrepreneurial income, net rents, and royalties	Dividends and interest	Public aid: Work relief [4]	Public aid: Direct relief [5]	Social insurance and related payments [6]	Military allowances [7]
1936	$68,024	$40,027	$13,003	$9,785	$2,155	$672	$955	----------
1937	72,365	44,689	14,162	9,891	1,639	836	1,020	----------
1938	66,135	40,845	12,369	8,233	2,094	1,008	1,529	----------
1939	70,793	43,870	13,441	8,891	1,870	1,071	1,616	----------
1940	76,210	48,218	14,313	9,175	1,578	1,097	1,801	----------
1941	92,710	60,262	18,599	9,761	1,213	1,112	1,744	----------
1942	117,311	79,970	23,933	9,771	586	1,061	1,844	$136
1943	143,089	101,813	27,161	10,389	57	940	1,703	1,020
1944	156,723	112,043	28,017	11,195	----------	944	1,970	2,548
1944								
October	13,178	9,398	2,341	951	----------	79	171	237
November	13,291	9,446	2,395	958	----------	79	175	238
December	13,376	9,530	2,384	964	----------	80	177	240
1945								
January	13,538	9,589	2,472	970	----------	80	185	241
February	13,723	9,625	2,608	980	----------	80	187	243
March	13,660	9,621	2,531	990	----------	80	194	244
April	13,562	9,545	2,491	1,002	----------	80	195	249
May	13,538	9,486	2,504	1,012	----------	81	202	253
June	13,692	9,520	2,493	1,024	----------	81	209	257
July	13,622	9,509	2,479	1,032	----------	81	219	259
August	13,207	9,143	2,441	1,042	----------	82	226	259
September	12,817	8,797	2,359	1,051	----------	83	262	258
October	13,001	8,839	2,432	1,060	----------	85	328	252

[1] Compensation of employees, entrepreneurial income, net rents, and royalties, and dividends and interest adjusted for seasonal variation.

[2] Includes veterans' bonus; October payments were $5 million.

[3] Wage and salary payments minus deductions for employee contributions to social insurance and related programs. Includes industrial pensions, payments to the armed forces, and, beginning with February 1944, mustering-out pay.

[4] Earnings of persons employed by NYA, WPA, and CCC.

[5] Payments to recipients under 3 special public assistance programs and general assistance, value of food stamps under food stamp plan, and farm subsistence payments.

[6] Payments of old-age and survivors insurance, railroad retirement, Federal, State, and local retirement, workmen's compensation, State unemployment compensation, railroad unemployment insurance, veterans' pensions and compensation, and, beginning with September 1944, readjustment allowances to unemployed veterans.

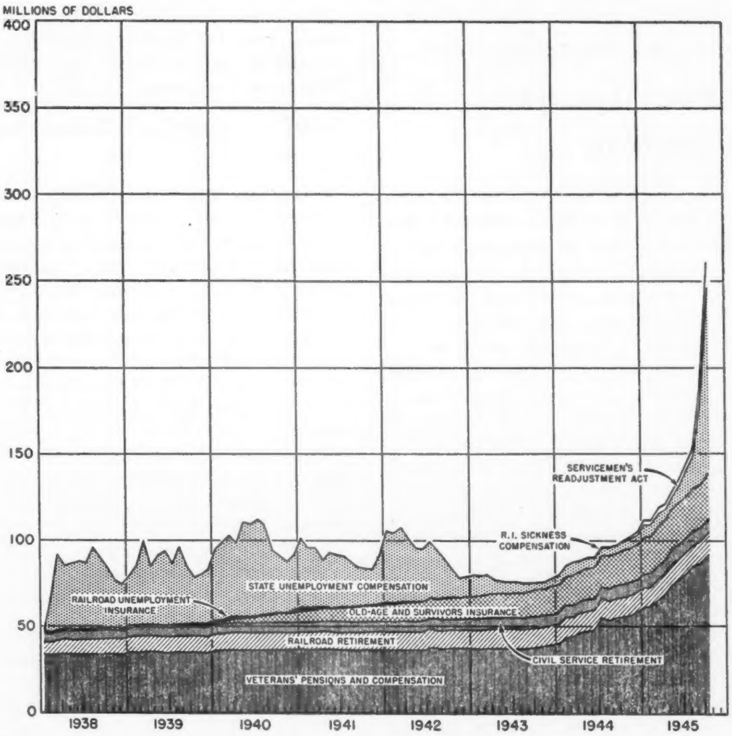
[7] Government portion of payments to dependents of members of the armed forces; portion deducted from military pay included under compensation of employees as part of military pay rolls.

Source: U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce.

increased 187 percent above the September amount, totaled $337,000 as compared with $46,000 in October 1944. Unemployment insurance payments as a whole—$121 million—represented 46.4 percent of all social insurance and related payments in October as against 30.5 percent in September and 5.1 percent a year earlier.

Monthly retirement and disability benefits exceeded $100 million for the first time, ranging 5.4 percent above the September total and 42 percent above the level a year earlier. Of the $30-million increase in these payments since October 1944, the rise in disability payments by the Veterans Administration accounted for $24 million, and retirement payments under the Social Security Act, $4 million. Disbursements to 1.4 million disabled veterans amounted to an estimated $66.5 million in October, about 6 percent more than in September and 57 percent more than in October 1944. Social security retirement payments showed a September-October increase of 6.8 percent, and a 12-month rise of 38 percent; in October, payments under this program, amounting to $14.6 million, were made to 652,600 retired commercial and industrial workers. Some 170,000 retired or disabled railroad workers received $11.6 million in October under the Railroad Retirement Act, and about 90,900 former Government employees received civil-service payments totaling $7.3 million; increases under these two programs were relatively minor.

Chart 1. ***Payments under selected social insurance and related programs, January 1938–October 1945***



Monthly survivor payments under the three programs totaled $34.6 million in October, with the veterans' program showing the largest absolute increase during the past year. The Veterans Administration disbursed an estimated $25 million to some 656,100 survivors of veterans, nearly double the amount a year ago. Social security payments of $9.4 million were made to 579,800 survivors, representing increases of about one-third in both number and amount as compared with October 1944 levels. Monthly survivor payments under the Railroad Retirement Act remained fairly stable throughout the 12-month period; in October, 4,400 survivors received $148,000 under the act.

Lump-sum death benefits totaling $4.4 million were paid under the four programs to survivors of 24,800 deceased workers. Payments under each program have fluctuated somewhat since October 1944 but have not varied greatly during the 12-month period.

Payments under the Rhode Island sickness compensation program declined in October for the fifth consecutive month. Some 4,900 individuals received payments amounting to $355,000; in October, this amount represented a decline of 3.4 percent from September and of 12 percent from October 1944.

The 1,232,400 beneficiaries who received monthly retirement or survivor payments under the Social Security Act in October represent about 765,800 families. The 265,800 beneficiaries receiving monthly retirement, disability, or survivor payments under the railroad and civil-service retirement programs are approximately equal to the number of families receiving benefits, since these programs do not provide supplementary payments for wives and children of retired or disabled workers, and since monthly benefits are not paid to more than one survivor of a deceased annuitant. The 2 million monthly beneficiaries under the veterans' programs represent about 1.8 million families.

Table 2.—*Selected social insurance and related programs, by specified period, 1936–45*

[In thousands; data corrected to Dec. 5, 1945]

Calendar year and month	Total	Retirement, disability, and survivor programs: Monthly retirement and disability benefits [1]: Social Security Act [2]	Railroad Retirement Act [3]	Civil Service Commission [4]	Veterans Administration [5]	Survivor benefits: Monthly: Social Security Act [6]	Railroad Retirement Act [3]	Veterans Administration [7]	Survivor benefits: Lump-sum [8]: Social Security Act [9]	Railroad Retirement Act [3]	Civil Service Commission [4]	Veterans Administration [10]	Rhode Island sickness compensation [11]	Unemployment insurance programs: State unemployment compensation laws [11]	Servicemen's Readjustment Act [12]	Railroad Unemployment Insurance Act [13]
Number of beneficiaries																
1944																
October	....	492.3	162.1	82.2	901.4	434.4	4.3	358.7	15.5	1.6	1.2	3.8	5.6	63.6	8.3	0.8
November	....	500.6	162.8	83.2	929.6	445.7	4.3	364.7	14.6	1.5	1.5	3.9	5.0	71.4	11.9	.9
December	....	508.7	163.5	83.9	955.7	454.3	4.3	372.7	13.0	1.4	1.4	3.6	4.5	74.9	16.8	1.2
1945																
January	....	522.6	163.9	84.8	982.3	467.0	4.3	380.9	15.4	1.5	1.5	3.7	4.4	104.8	23.7	1.9
February	....	533.9	164.9	85.4	1,008.1	479.4	4.2	386.3	15.4	1.4	1.5	3.4	4.3	100.1	26.1	1.8
March	....	547.1	165.5	86.0	1,037.8	494.7	4.3	405.7	18.7	2.0	2.8	3.8	5.0	103.2	27.8	1.6
April	....	558.4	166.0	86.6	1,070.3	510.0	4.3	459.5	17.0	1.9	2.0	3.7	5.3	87.2	28.3	1.2
May	....	570.6	166.4	87.3	1,105.6	523.7	4.3	500.9	18.5	2.2	2.3	4.4	7.2	98.0	28.1	.8
June	....	582.0	167.1	88.0	1,144.2	537.0	4.4	537.3	17.0	1.9	2.0	4.6	7.1	129.4	31.8	.8
July	....	595.3	167.8	88.8	1,194.3	546.8	4.4	570.7	14.7	1.7	2.0	4.7	6.4	185.5	38.5	.6
August	....	609.4	168.5	89.4	1,245.8	554.2	4.4	600.8	14.7	1.7	1.8	4.7	5.8	230.5	44.1	1.2
September	....	624.4	169.5	89.9	1,309.3	564.1	4.4	628.8	12.1	1.8	1.4	4.7	5.0	640.0	73.2	2.1
October	....	652.6	170.5	90.9	1,389.8	579.8	4.4	656.1	16.6	1.5	1.7	5.0	4.9	1,205.0	123.0	5.8
Amount of benefits [14]																
1936	$458,896	....	$683	$51,630	$299,001	....	$2	$99,992	....	....	$4,062	$3,395	....	$131	....	....
1937	501,664	....	40,001	53,694	299,660	....	444	96,370	$1,278	....	4,401	3,684	....	2,132	....	....
1938	969,600	....	96,766	56,118	301,277	....	1,383	101,492	10,478	$291	4,604	3,405	....	393,786	....	....
1939	1,043,089	....	107,282	58,331	307,512	....	1,451	109,192	13,896	1,926	4,952	3,553	....	429,298	....	$5,696
1940	1,188,702	$21,074	114,166	62,019	317,851	$7,784	1,448	105,696	11,736	2,497	5,810	3,960	....	518,700	....	15,961
1941	1,085,488	55,141	119,912	64,933	320,561	25,454	1,559	111,799	13,328	3,421	6,170	4,352	....	344,321	....	14,537
1942	1,130,721	80,305	122,806	68,115	325,265	41,702	1,603	111,193	15,038	4,114	6,108	4,120	....	344,084	....	6,268
1943	921,463	97,257	125,795	72,961	331,350	57,763	1,704	116,133	17,830	5,560	7,344	4,350	$2,857	79,643	....	917
1944	1,119,582	119,009	129,707	78,081	456,279	76,942	1,765	144,302	22,146	6,591	7,863	4,784	5,035	62,385	$4,113	582
1944																
October	100,091	10,573	11,040	6,659	42,271	7,012	147	13,038	2,138	570	708	386	404	4,350	748	46
November	102,448	10,770	10,982	6,673	43,548	7,172	147	12,924	2,043	523	827	368	364	4,918	1,140	51
December	105,566	10,903	11,064	6,788	44,485	7,237	147	13,813	1,836	598	693	391	330	5,192	2,018	70
1945																
January	111,871	11,257	11,065	6,856	46,993	7,507	143	13,891	2,189	599	830	371	318	7,209	2,442	111
February	111,874	11,548	11,184	6,810	46,971	7,755	143	14,404	2,181	534	788	319	290	6,435	2,413	98
March	119,348	11,925	11,253	6,962	49,039	8,094	146	16,042	2,634	764	1,257	388	362	7,242	3,139	100
April	121,222	12,155	11,270	6,974	50,306	8,297	151	18,450	2,370	748	968	363	387	6,179	2,540	63
May	128,566	12,450	11,247	7,119	51,950	8,478	147	22,085	2,563	874	1,102	438	524	7,044	2,501	45
June	135,788	12,701	11,379	7,137	54,804	8,707	152	22,613	2,346	716	956	462	517	9,686	3,572	42
July	143,998	12,974	11,448	7,220	57,228	8,773	148	23,492	2,033	649	928	[15] 470	469	14,352	3,778	35
August	151,551	13,348	11,484	7,263	59,483	8,889	149	23,450	2,021	693	842	[15] 470	425	17,948	5,013	72
September	190,093	13,666	11,559	7,246	[15] 62,500	9,005	150	[15] 24,000	1,697	736	672	[15] 470	367	[15] 50,450	7,457	118
October	260,176	14,599	11,630	7,337	[15] 66,500	9,415	148	[15] 25,000	2,432	658	835	[15] 500	355	[15] 106,500	13,930	337

[1] Old-age retirement benefits under all acts, disability retirement benefits under the Railroad Retirement and Civil Service Retirement Acts, and disability payments to veterans.

[2] Primary and wife's benefits and benefits to children of primary beneficiaries. Partly estimated.

[3] Age and disability annuitants and pensioners as of 20th of month. Payments represent amounts certified, minus cancellations. Widows receiving both survivor and death-benefit annuities are counted twice, but 2 or more individuals sharing 1 death-benefit annuity are counted as 1. Monthly payments to survivors include annuities to widows under joint and survivor elections and 12-month death-benefit annuities to widows and next of kin.

[4] Retirement and disability benefits include survivor benefits under joint and survivor elections; not adjusted for suspension of annuities of persons reemployed under the National Defense Acts of June 28, 1940, and Jan. 24, 1942. Payments principally from civil-service retirement and disability fund but also include payments from Canal Zone and Alaska Railroad retirement and disability funds administered by Civil Service Commission. Monthly retirement payments include accrued annuities to date of death paid to survivors. Refunds to employees leaving the service are not included but will be summarized twice a year in the *Bulletin*.

[5] Veterans' pensions and compensation.

[6] Widow's, widow's current, parent's, and child's benefits. Partly estimated.

[7] Payments to widows, parents, and children of deceased veterans.

[8] Number of decedents on whose account lump-sum payments were made, and amount of such payments.

[9] For the period January 1937–August 1939, includes payments to covered workers at age 65 totaling $9.9 million, which are not survivor payments.

[10] Payments for burial of deceased veterans.

[11] Number represents average weekly number of beneficiaries. Annual amounts adjusted for voided benefit checks; monthly amounts not adjusted. State unemployment compensation data for September and October partly estimated.

[12] Readjustment allowances to unemployed veterans only; excludes payments to self-employed veterans. Number represents average weekly number of veterans paid readjustment allowances during weeks ended in the month. Amounts before July 1945 represent payments during weeks ended in the month; for July and subsequent months, payments are on calendar-month basis. Payments for October partly estimated.

[13] Number represents average number of persons receiving benefits for unemployment in a 14-day registration period. Annual amounts adjusted for underpayments and recoveries of overpayments; monthly figures not adjusted.

[14] Payments to individuals: amounts certified, under the Social Security and Railroad Retirement Acts (including retroactive payments) and the Railroad Unemployment Insurance Act; disbursements minus cancellations, under Civil Service Commission and Veterans Administration programs; checks issued by State agencies, under State unemployment insurance and Rhode Island sickness compensation programs and under the Servicemen's Readjustment Act.

[15] Preliminary estimate.

Estimated Workmen's Compensation Payments, 1944

Workmen's compensation payments during 1944 are estimated[1] at $390 million, $33 million more than was paid in 1943 (table 3). Although no data are available on compensable accidents, work injuries causing disability have been estimated by the Bureau of Labor Statistics at 2.2 million, 7.7 percent less than in the preceding year. This is the first time since 1938 that a decrease has occurred. Aggregate payments do not immediately reflect increases or decreases in disability work injuries because payments for any year include survivor and disability benefits payable as the result of accidents in preceding years. Benefit amounts paid in 1944 were based largely on the high wage levels of the war period.

Benefit payments by private insurance carriers rose much more than did State fund disbursements and self-insurance payments, partly because employers with Federal Government contracts tend to insure their risks with private carriers.

Variations among State benefit payments reflect relative differences in the incidence of covered employment, frequency and severity of compensable injuries, maturity of the program, and liberality of benefit provisions. Expenditures decreased in 13 States and rose in 36 States and under the program for Federal employees. The increases in Colorado, Missouri, and Rhode Island were 30 percent or more. The declines in Alabama, Delaware, Idaho, Mississippi, Nebraska, and Utah amounted to 10 percent or more.

Payments in each of six States—California, Illinois, New Jersey, New York, Ohio, and Pennsylvania—amounted to more than $20 million, and together these six States accounted for 51 percent of the total amount expended. Seven States (not counting Mississippi, which has no workmen's compensation law) made payments of less than $1 million each; these payments were less than 1 percent of all 1944 payments.

[1] For method of estimating, see the *Bulletin*, January 1942, pp. 6–14. Revised estimates of payments for previous years are available in Division of Coordination Studies, Bureau of Research and Statistics.

Table 3.—*Preliminary estimates of workmen's compensation payments, by State, 1943 and 1944*[1]

[In thousands]

State	1943				1944				Percentage change in total payments, 1943–44
	Total	Insurance losses paid, private insurance carriers[2]	State fund, net disbursements[3]	Self-insurance payments[4]	Total	Insurance losses paid, private insurance carriers[2]	State fund, net disbursements[3]	Self-insurance payments[4]	
Total	$357,117	$213,123	$81,840	$62,154	$389,554	$237,512	$85,362	$66,680	+9.1
Alabama	3,120	1,725	--------	1,395	2,644	1,828	--------	816	−15.3
Arizona	3,297	313	2,900	84	3,450	365	3,000	85	+4.6
Arkansas	1,887	1,887	--------	--------	1,994	1,994	--------	--------	+5.7
California	33,213	21,557	5,667	5,989	39,907	26,479	6,502	6,926	+20.2
Colorado	2,475	751	1,090	634	3,209	1,609	955	645	+29.7
Connecticut	6,106	5,495	--------	611	6,760	6,084	--------	676	+10.7
Delaware	473	388	--------	85	417	345	--------	72	−11.8
District of Columbia	1,449	1,294	--------	155	1,346	1,202	--------	144	−7.1
Florida	3,407	3,225	--------	182	3,674	3,499	--------	175	+7.8
Georgia	2,531	2,130	--------	401	2,896	2,496	--------	400	+14.4
Idaho	1,433	516	449	468	1,264	445	400	419	−11.8
Illinois	20,694	15,821	--------	4,873	23,404	17,336	--------	6,068	+13.1
Indiana	6,498	5,326	--------	1,172	6,482	5,357	--------	1,125	−.2
Iowa	2,464	1,971	--------	493	2,356	1,885	--------	471	−4.4
Kansas	3,135	2,375	--------	760	2,987	2,263	--------	724	−4.7
Kentucky	5,211	2,042	--------	3,169	5,508	2,203	--------	3,305	+5.7
Louisiana	5,513	4,478	--------	1,035	6,382	5,226	--------	1,156	+15.8
Maine	1,847	1,552	--------	295	2,206	1,854	--------	352	+19.4
Maryland	5,088	3,688	500	900	5,421	4,041	450	930	+6.5
Massachusetts	10,126	9,869	--------	257	10,766	10,266	--------	500	+6.3
Michigan	12,423	7,431	1,010	3,982	13,701	8,404	905	4,392	+10.3
Minnesota	5,258	4,310	--------	948	5,469	4,520	--------	949	+4.0
Mississippi	34	34	--------	--------	23	23	--------	--------	−32.4
Missouri	5,711	4,685	--------	1,026	7,724	6,295	--------	1,429	+35.2
Montana	1,994	206	1,155	633	1,943	295	1,024	624	−2.6
Nebraska	1,440	1,375	--------	65	1,220	1,170	--------	50	−15.3
Nevada	1,190	(5)	1,089	101	1,197	(5)	997	200	+.6
New Hampshire	950	931	--------	19	960	941	--------	19	+1.1
New Jersey	19,612	16,734	--------	2,878	21,835	18,631	--------	3,204	+11.3
New Mexico	550	451	--------	99	605	500	--------	105	+10.0
New York	61,061	37,749	13,342	9,970	67,866	42,097	14,688	11,081	+11.1
North Carolina	3,258	2,706	--------	552	3,476	2,894	--------	582	+6.7
North Dakota	685	(5)	685	--------	727	2	725	--------	+6.1
Ohio	22,617	72	19,604	2,941	23,064	64	20,000	3,000	+2.0
Oklahoma	4,565	3,646	169	750	5,098	4,133	165	800	+11.7
Oregon	5,146	448	4,698	--------	5,679	407	5,272	--------	+10.4
Pennsylvania	25,029	13,022	2,371	9,636	24,371	12,957	2,087	9,327	−2.6
Rhode Island	3,210	3,028	--------	182	4,330	4,132	--------	198	+34.9
South Carolina	2,702	2,215	--------	487	2,779	2,297	--------	482	+2.8
South Dakota	309	253	--------	56	315	260	--------	55	+1.9
Tennessee	3,480	2,529	--------	951	3,896	2,854	--------	1,042	+12.0
Texas	14,669	14,669	--------	--------	17,192	17,192	--------	--------	+17.2
Utah	1,673	708	667	298	1,475	649	563	263	−11.8
Vermont	436	422	--------	14	511	494	--------	17	+17.2
Virginia	3,713	2,802	--------	911	3,461	2,612	--------	849	−6.8
Washington	8,341	191	7,500	650	8,439	253	7,536	650	+1.2
West Virginia	7,466	11	7,205	250	7,598	13	7,239	346	+1.8
Wisconsin	7,888	6,091	--------	1,797	8,673	6,646	--------	2,027	+10.0
Wyoming	442	1	441	--------	521	(5)	521	--------	+17.9
Federal employees	11,298	--------	11,298	--------	12,333	--------	12,333	--------	+9.2

[1] Data for calendar years, except for Montana, Nevada, North Dakota, Oregon, West Virginia, and Federal employees, and State fund net disbursements in Utah, for which fiscal years ended in 1943 and 1944 were used. Benefit payments made under the Longshoremen's and Harbor Workers' Compensation Act and under the Defense Bases Act are included in data for the States in which payments are made.

[2] From the *Spectator, The Insurance Yearbook, Casualty, Surety, and Miscellaneous*, 72d and 73d annual issues, except for Montana for which payments reported by the State agency for each type of carrier were used. Represents net amount of cash and medical benefits paid by private insurance carriers under standard workmen's compensation policies.

[3] Compiled from State data and from the *Spectator*; estimated for some States; represents net amount of cash and medical benefits paid by State funds.

[4] Estimated from available State data; represents amounts of cash and medical benefits paid by self-insurers plus amounts of medical benefits paid by employers carrying ex-medical policies.

[5] Less than $500.

Financial and Economic Data

Old-Age and Survivors Insurance Contribution Rates

On November 8 the President approved the Revenue Act of 1945 (Public Law No. 214, 79th Cong.), which carried an amendment to the Federal Insurance Contributions Act continuing through 1946 the 1-percent contribution rates now in effect for employers and employees under old-age and survivors insurance. In the absence of this amendment, contribution rates would have risen to 2½ percent each on January 1, 1946. Under existing statute the 2½-percent rates are to become effective on January 1, 1947.

The provision for staying the otherwise automatic increase in 1946 rates was contained both in the revenue bill (H. R. 4309) reported by the Ways and Means Committee of the House on October 9 (H. Rept. 1106), and in the amended bill reported by the Senate Committee on Finance on October 23 (S. Rept. 655). The report of the House Committee referred to the study of the social security program, particularly with reference to its financing, which the Committee, aided by a staff of experts, is now conducting. The Committee believed it desirable to await the completion of this study before permitting any changes in contribution rates to go into effect. The report of the Senate Committee also stressed the desirability of further study of financing old-age and survivors insurance before making any changes in contribution rates. The recommendations of both Committees were adopted by the respective Houses and were embodied in the Revenue Act as passed.

By the end of 1946, the 1-percent employer and employee contribution rates will have been in effect for 10 years. Congress has now acted six times to suspend the periodic increases in rates at 3-year intervals specified in the original Social Security Act of 1935.

Under the original revenue provisions of title VIII of the Social Security Act as approved August 14, 1935 (Public Law No. 271, 74th Cong.), employee contribution rates were fixed at 1 percent of taxable wages for the calendar years 1937, 1938, and 1939; and employer rates were also set at 1 percent for the same 3-year period. The rates were to rise automatically to 1½ percent on January 1, 1940, to 2 percent on January 1, 1943, to 2½ percent on January 1, 1946, and to 3 percent on January 1, 1949; thereafter the rates were to remain at that figure. The 1935 report of the Senate Committee on Finance (S. Rept. 628) on the social security bill (H. R. 7260) presented data indicating that the estimated yield from the contribution provisions proposed, plus interest on the reserve built up out of the excess of contributions over benefit payments in the early years, would be sufficient in most years to finance estimated benefit payments under the system at least until late in the present century. The contribution provisions of the 1935 act became effective at the beginning of 1937, and contributions were collected at the 1-percent rates during 1937, 1938, and 1939.

On February 1, 1939, the House Ways and Means Committee began public hearings to consider proposals for amending the Social Security Act. On January 16 the President had transmitted to Congress a message on social security, accompanied by a report of the Social Security Board on proposed changes in the act. Congress also had available for study the report of the Advisory Council on Social Security, issued on December 19, 1938; this Council consisted of representatives of employers, employees, and the general public, named jointly by a Special Committee on Social Security of the Senate Committee on Finance and by the Social Security Board. The Advisory Council recommended several changes in the existing financial provisions of old-age and survivors insurance. A majority of the members recommended that the scheduled increase in contribution rates to 1½ percent in 1940 be allowed to take place before consideration of changes in the original title VIII tax schedule.

The hearings of the Ways and Means Committee, which continued until April 7, covered various phases of the social security program, including testimony by the Secretary of the Treasury and the Chairman of the Board on contribution-rate policy. The Secretary of the Treasury submitted four alternative rate schedules for consideration, one of which involved full maintenance of the rates included in the 1935 act; the others involved slight changes from the 1½-percent rates specified for 1940–42 but retained the rates originally scheduled for years after 1942.

On June 2, 1939, the Ways and Means Committee reported a bill (H.R. 6635) containing a long series of amendments to the Social Security Act (H. Rept. 728). These included amendment of the original tax schedule to continue the 1-percent rates on employers and employees for 3 more years, until 1943. No change was made in the contribution rates scheduled for subsequent years. The Committee report called attention to the fact that the amended financial provisions, in conjunction with recom-

Table 4.—*Actual and estimated collections of Federal insurance contributions at specified rates,*[1] *1937–1945*

[Amounts in millions]

Year	Actual collections		Estimated collections			
			At 1935 rates		At 1939 rates	
	Rate[1] (percent)	Amount	Rate[1] (percent)	Amount	Rate[1] (percent)	Amount
Total		$7,813		$12,660		$11,375
1937	1	493	1	493	1	493
1938	1	474	1	474	1	474
1939	1	568	1	568	1	568
1940	1	637	1½	[2] 881	1	637
1941	1	789	1½	1,184	1	789
1942	1	1,012	1½	1,519	1	1,012
1943	1	1,239	2	[2] 2,340	2	[2] 2,201
1944	1	1,316	2	2,631	2	2,631
1945	1	[3] 1,285	2	2,570	2	2,570

[1] Rates apply to employers and employees separately.
[2] Collections in first quarter estimated at previous year's rates, because of lag in collections.
[3] Estimated.

Table 5.—*Contributions and taxes under selected social insurance and related programs, by specified period, 1943–45*

[In thousands]

Period	Retirement, disability, and survivor programs			Unemployment insurance programs		
	Federal insurance contributions [1]	Federal civil service contributions [2]	Taxes on carriers and their employees	State unemployment contributions [3]	Federal unemployment taxes [4]	Railroad unemployment insurance contributions
Fiscal year:						
1943–44	$1,292,122	$445,951	$267,065	$1,353,272	$179,909	$121,518
1944–45	1,309,919	486,719	285,038	1,251,958	184,544	131,993
4 months ended:						
October 1943	374,770	264,986	63,413	486,278	15,372	27,601
October 1944	404,272	292,502	73,977	506,404	18,502	34,308
October 1945	406,470	348,338	70,642	452,202	19,385	32,874
1944						
October	55,427	23,305	1,464	169,221	3,160	48
November	267,340	24,098	14,414	143,760	11,154	1,110
December	3,974	24,226	55,235	5,899	919	31,761
1945						
January	33,275	24,230	1,156	132,093	13,232	31
February	222,056	24,707	4,679	127,303	114,251	724
March	17,640	23,846	65,484	5,162	9,729	31,471
April	41,157	26,498	1,465	158,365	2,845	359
May	315,615	24,808	8,587	167,886	12,337	2,215
June	4,591	21,803	60,041	5,085	1,575	30,013
July	61,501	[5] 271,976	1,478	173,103	2,998	50
August	285,803	25,236	8,299	150,319	12,068	1,369
September	4,731	27,267	59,397	5,870	1,768	31,401
October	54,434	23,859	1,468	122,910	2,551	54

[1] Represents contributions of employees and employers in employments covered by old-age and survivors insurance.

[2] Represents employee and Government contributions to the civil service, Canal Zone, and Alaska Railroad retirement and disability funds; in recent years Government contributions are made in July for the entire fiscal year.

[3] Represents contributions plus penalties and interest collected from employers and contributions from employees in 4 States, deposited in State clearing accounts. Includes amounts transferred from State accounts to railroad unemployment insurance account in the Federal unemployment trust fund. Data reported by State agencies, corrected to Nov. 27, 1945.

[4] Represents taxes paid by employers under the Federal Unemployment Tax Act.

[5] Represents July contributions of $24.4 million from employees, and contributions for fiscal year 1945–46 of $246.4 million from the Federal Government and of $1.2 million from the District of Columbia for certain District government employees.

Source: *Daily Statement of the U. S. Treasury*, unless otherwise noted.

mended changes in benefit provisions, would result in a much smaller reserve than that shown in its 1935 report. It stated that the size of the reserve under the amended provisions would conform closely with the recommendation of the Secretary of the Treasury at the hearings for an eventual reserve amounting to not more than three times the highest prospective annual benefits in the ensuing 5 years. If future annual pay-roll tax collections plus interest should prove insufficient to meet future annual benefits, the report continued, it would be necessary to increase pay-roll rates, to provide for the deficiency out of general taxes, or to do both. The bill reported out by the Committee included a requirement that the Board of Trustees of the old-age and survivors insurance trust fund, established by the bill to hold reserve assets accumulated under the program, should report immediately to Congress whenever it was of the opinion that the trust fund would exceed three times the highest annual expenditures anticipated during the ensuing 5 fiscal years, or whenever it believed the trust fund to be unduly small.

The amendments proposed by the Ways and Means Committee were adopted by the House on June 10, 1939, with only minor changes. The Senate Finance Committee, after holding hearings during June, accepted virtually all the financial changes embodied in the House bill and on July 7 issued a report on the amended bill (S. Rept. 734) which covered about the same points as the Ways and Means Committee report. After passage by the Senate and conference committee action between the two Houses, the Social Security Act Amendments of 1939 became Public Law No. 379 with the approval of the President on August 10, 1939. Thus, the 1-percent contribution rates were extended through 1940, 1941, and 1942. The contribution provisions of title VIII of the Social Security Act were reenacted as subchapter A of chapter 9 of the Internal Revenue Code, approved February 10, 1939. This subchapter was designated as the Federal Insurance Contributions Act.

Contributions were collected at the 1-percent rates throughout 1940, 1941, and 1942. On March 3, 1942, the Ways and Means Committee began public hearings on a new tax bill, made urgent by our entrance into the war. The Revenue Bill of 1942 (H. R. 7378), reported out by the Committee on July 14 (H. Rept. 2333) contained no provision on social security taxation, and none was inserted in the bill passed by the House.

The Senate Committee on Finance held hearings on the bill from July 23 to August 14 and reported out an amended bill on October 2 (S. Rept. 1631). This bill contained a provision staying for 1 year the automatic increase in tax rates scheduled for January 1, 1943. In recommending freezing of the contribution rates for another year, the Senate report declared that the reserve which had been created up to that time was ample to take care of the total requirements for the next 5 years, and that the Committee therefore believed it unnecessary to apply the 2-percent rates scheduled for 1943. This was the first time that the 5-year outlook was cited by a committee as a reason for freezing the tax rates. The *Third Annual Report of the Board of Trustees* had indicated that, at the beginning of the fiscal year 1942–43, the trust fund was from 4.0 to 7.8 times the highest expected annual disbursement during the ensuing 5 years. The proposed continuance of the 1-percent rates was adopted by the Senate and by the conference managers for the two Houses. The Revenue Act of 1942, as approved October 21, 1942, contained in title VII the provision freezing the 1-percent rates throughout 1943.

In September 1943, the House Ways and Means Committee of the 78th Congress began work on a new general tax measure, and public hearings were held in October. The Revenue Bill of 1943 (H. R. 3687), reported out by the committee on November 18 (H. Rept. 871) and adopted by the House, left untouched the increase to 2 percent in contribution rates scheduled for January 1, 1944. The Senate Finance Committee began public hearings on this bill on November 29, but it be-

Table 6.—*Federal appropriations and expenditures under programs* [1] *administered by the Social Security Board, by specified period, 1944–46*

[In thousands]

Item	Fiscal year 1944–45		Fiscal year 1945–46	
	Appropriations [2]	Expenditures through October [3]	Appropriations [2]	Expenditures through October [3]
Total	$709,659	$237,302	$787,015	$291,708
Administrative expenses	25,611	9,346	23,015	11,615
Federal Security Agency, Social Security Board [4]	25,446	6,882	22,870	8,555
Department of Commerce, Bureau of the Census	165	44	145	35
Department of the Treasury [5]	(6)	2,420	(6)	3,025
Grants to States	444,214	155,602	463,000	185,204
Old-age assistance		115,318		135,838
Aid to dependent children	409,800	19,555	431,000	21,317
Aid to the blind		3,716		3,944
Unemployment compensation administration	[7] 34,414	17,013	32,000	24,105
Benefit payments, old-age and survivors insurance	[8] 239,834	72,354	[9] 301,000	94,889

[1] Excludes war emergency programs.
[2] Excludes unexpended balance of appropriations for preceding fiscal year. Appropriation for administrative expenses for 1944–45 includes overtime pay; for 1945–46 excludes overtime pay.
[3] Based on checks cashed and returned to Treasury. Includes expenditures from unexpended balance of appropriations for preceding fiscal year.
[4] Represents appropriations and expenditures for salaries and some miscellaneous items; excludes other miscellaneous expenditures of the Board made from Federal Security Agency appropriations. Includes amounts expended by the Board in administering old-age and survivors insurance, reimbursed from old-age and survivors insurance trust fund to general fund of Treasury.
[5] Represents amounts expended by Treasury in administering title II of the Social Security Act and the Federal Insurance Contributions Act, reimbursed from old-age and survivors insurance trust fund to general fund of Treasury.
[6] Not available because not separated from appropriations for other purposes.
[7] Includes $4,417,892 transferred from War Manpower Commission as reimbursement for expenditures for employment office facilities and services.
[8] Represents actual payments during 1944–45 from old-age and survivors insurance trust fund.
[9] Represents estimated expenditures as shown in 1945–46 budget.

Source: Federal appropriation acts and 1945–46 budget (appropriations); *Daily Statement of the U. S. Treasury* (expenditures).

came evident during December that action on the bill could not be completed by the new year. Accordingly, the Committee, in reporting favorably on a joint resolution relating to the importation of livestock feed (H. J. Res. 171) on December 17 (H. Rept. 607), added an amendment extending the 1-percent contribution rates through January and February 1944. The Committee report pointed out that this 2 months' freeze was merely a temporary measure to give Congress an opportunity to determine whether or not to postpone increase in rates for the whole of 1944. The amendment to the joint resolution was accepted by the House in conference and became a part of Public Law No. 211, approved December 22, 1943.

On the same day, the Senate Finance Committee reported out the Revenue Bill of 1943 (S. Rept. 627), including a provision for delaying the increase in contribution rates for the remaining 10 months of 1944. In its report the Committee again referred to the provision in the 1939 amendments requiring the Board of Trustees to report immediately to Congress whenever it is of the opinion that the trust fund will exceed three times the highest annual expenditures during the ensuing 5 years. The Committee interpreted this requirement as establishing an indication by Congress that the reserve of the system can be considered adequate whenever it exceeds three times the highest expected cost of the system in any 1 of 5 subsequent years. The *Fourth Annual Report of the Board of Trustees* indicated that on July 1, 1943, the trust fund was from 8.7 to 10.7 times the highest expected annual disbursement during the next 5 years. The Committee expressed a judgment that the 1-percent rates of contribution then in effect were more than adequate for all present obligations, and went on to state its opinion that Congress, in changing the financial basis of the system in 1939, obligated itself to make whatever direct appropriations would be necessary in the future to maintain the full and complete solvency of the trust fund.

The Revenue Bill of 1943, as passed by the Senate and agreed to in conference, included the rate freeze with respect to 1944 contribution rates but left the rates for 1945 and subsequent years unchanged. It also included an amendment of title II of the Social Security Act, added on the floor of the Senate, which authorized the appropriation to the trust fund of such additional sums as may be required to finance the benefits and payments provided under this title. The bill was vetoed by the President on February 22, 1944, with a statement that elimination of the automatic increases in contribution rates came at a time when industry and labor were best able to adjust themselves to such increases and that the increases were needed to meet claims being built up against the fund. After its passage over the President's veto, the Revenue Act of 1943 became Public Law No. 235 on February 25, 1944.

In the absence of further legislation, contribution rates were scheduled to rise to 2 percent each, beginning with 1945. During November 1944 the Ways and Means Committee held hearings on further extension of the 1-percent rates and on December 1 reported out a bill (H. R. 5564) to continue the 1-percent rates for another year—that is, throughout 1945 (H. Rept. 2010). The majority report referred to the so-called "rule of three"—the fact that the reserve at that time was from 8 to 12 times the highest expected annual expenditures during the next 5 years; the circumstance that contributions currently being collected at the 1-percent rates were running above those originally expected from the higher rates; and the heavy general tax burden necessitated by war financing. It also spoke of a Committee decision to make a special study of the rates required to maintain the trust fund on a sound financial basis. Dissenting views were set forth by seven members, who favored permitting the rates to increase as scheduled. The House adopted the postponement provision recommended by the Committee.

In its report of December 7 on the bill (S. Rept. 1356), the Senate Committee on Finance indicated that it also felt that the contribution rates should not be increased in 1945, for the reasons stated in the majority report of the Ways and Means Committee. The Senate passed the bill, which became Public Law No. 495 on December 16, 1944. In signing the bill

the President declared that he did so reluctantly, feeling that the scheduled increase in rates was justified by the long-run financial requirements of the system and consistent with wartime fiscal requirements. He added that he was "less disturbed," however, "in view of the expressed commitments of both major political parties for comprehensive coverage under old-age and survivors insurance."

This legislation made no change in the rates for 1946, which under the original schedule would have been 2½ percent each for both employees and employers. However, the amendment in the Revenue Act of 1945, mentioned in the first paragraph, now extends the 1-percent rates through 1946.

To indicate the volume of contributions involved in the series of postponements of rate increases described above, actual collections are compared in table 4 with the approximate amount of collections that would have been received if the rates had not been frozen. For the purpose of the estimates, it has been assumed that taxable pay rolls would have been the same as they actually were under the 1-percent rates.

The comparison indicates that if the 1935 rates had prevailed, nearly $5 billion additional would have been collected in contributions during the 9-year period of operations. It also shows that about $3.5 billion more than actual receipts during the same period would have been collected under the rates specified in the Social Security Act Amendments of 1939. In each of the last 3 years, collections would have been about $1 billion higher if either of the earlier rate schedules had gone into effect. If the additional amounts had been collected, the assets of the old-age and survivors insurance trust fund would be higher than at present—not only by the amount of the additional contributions but by the interest which would have been earned on their investment.

From the legislative history outlined above it is apparent that existing statutes embody two financial policies which are somewhat in conflict with one another. On the one hand, the Federal Insurance Contributions Act provides for definite stepups in employer and employee contribution rates at stated intervals. On the other hand, interpretation of the provision in title II regarding special reports of the Board of Trustees as a binding rule governing contribution rates would seem to imply continuation of the 1-percent rates until the trust fund is no more than three times the annual amount anticipated within the succeeding 5 years. These two apparently conflicting provisions create ambiguity as to the current policy of financing old-age and survivors insurance.

Table 7.—*Federal insurance contributions and Federal unemployment taxes, by internal revenue collection district, July–September 1945 and 1944* [1]

[In thousands]

Internal revenue collection district in—	July–September 1945			July–September 1944		
	Total	Insurance contributions [2]	Unemployment taxes [3]	Total	Insurance contributions [2]	Unemployment taxes [3]
Total	$368,869.1	$352,034.3	$16,834.8	$364,144.8	$348,838.9	$15,305.8
Alabama	3,562.4	3,467.5	94.9	3,380.1	3,297.4	82.7
Arizona	616.6	604.8	11.8	557.4	536.0	21.3
Arkansas	1,134.8	1,045.3	89.5	879.6	862.0	17.7
California (2 districts)	30,868.9	30,001.4	867.5	32,109.9	31,164.2	945.7
Colorado	2,177.2	1,655.1	522.0	1,567.3	1,516.4	50.9
Connecticut	7,624.3	7,428.8	195.5	7,707.1	7,504.4	202.7
Delaware	3,639.9	3,172.6	467.2	3,938.6	3,756.2	182.4
Florida	2,845.9	2,800.1	45.8	2,756.5	2,714.4	42.1
Georgia	3,636.8	3,518.5	118.4	3,550.4	3,442.4	108.0
Hawaii	728.0	712.4	15.6	701.8	691.1	10.7
Idaho	563.3	553.7	9.6	547.4	541.0	6.4
Illinois (2 districts)	29,922.7	28,395.2	1,527.5	29,989.3	28,256.9	1,732.4
Indiana	6,371.5	6,267.6	103.9	6,667.8	6,512.2	155.6
Iowa	2,501.7	2,457.5	44.2	2,483.5	2,427.3	56.2
Kansas	2,072.8	2,024.0	48.7	2,063.8	2,019.1	44.7
Kentucky	2,395.1	2,358.9	36.2	2,251.2	2,208.7	42.5
Louisiana	2,927.1	2,851.7	75.4	3,091.7	3,014.7	77.0
Maine	1,415.0	1,397.9	17.0	1,660.2	1,638.7	21.4
Maryland (including Dist. of Col.)	5,699.3	5,589.5	109.8	5,664.4	5,518.7	145.7
Massachusetts	13,881.2	13,404.8	476.4	13,763.5	13,183.4	580.1
Michigan	26,942.8	25,333.1	1,609.7	29,276.4	27,637.3	1,639.1
Minnesota	5,092.9	4,941.3	151.7	4,774.1	4,612.2	162.0
Mississippi	914.8	890.8	24.0	835.7	805.2	30.5
Missouri (2 districts)	8,748.7	8,400.8	347.9	8,108.7	7,806.3	302.3
Montana	411.0	402.6	8.4	397.4	389.1	8.2
Nebraska	1,632.0	1,588.6	43.4	1,511.4	1,460.7	50.7
Nevada	244.6	233.8	10.8	171.3	170.0	1.3
New Hampshire	818.0	796.5	21.5	776.0	757.4	18.6
New Jersey (2 districts)	13,523.8	12,933.8	590.0	13,977.2	13,309.8	667.4
New Mexico	329.5	320.5	9.1	274.0	267.8	6.2
New York (6 districts)	75,180.4	70,722.5	4,457.9	70,984.8	67,199.1	3,785.7
North Carolina	4,345.2	4,241.6	103.6	4,358.3	4,244.6	113.6
North Dakota	236.1	233.2	2.8	211.0	208.2	2.8
Ohio (4 districts)	25,338.4	24,340.9	997.4	24,634.3	23,737.9	896.4
Oklahoma	2,684.1	2,583.0	101.0	2,491.1	2,393.7	97.4
Oregon	3,315.8	3,265.5	50.3	3,378.2	3,308.0	70.2
Pennsylvania (3 districts)	35,551.7	33,647.4	1,904.3	36,183.3	34,206.1	1,977.3
Rhode Island	2,357.1	2,340.4	16.7	2,323.8	2,295.1	28.7
South Carolina	1,713.1	1,509.7	203.3	1,600.8	1,564.9	35.8
South Dakota	288.1	284.2	3.9	253.3	251.9	1.4
Tennessee	3,665.0	3,559.1	105.8	3,218.5	3,151.1	67.4
Texas (2 districts)	9,631.2	9,108.7	522.5	8,225.2	8,029.8	195.4
Utah	735.5	734.9	.6	738.2	727.6	10.6
Vermont	469.4	459.6	9.8	459.1	448.3	10.8
Virginia	3,610.7	3,444.2	166.5	3,532.5	3,385.4	147.1
Washington (including Alaska)	6,205.0	5,998.0	207.0	6,307.0	6,116.2	190.8
West Virginia	2,706.1	2,650.3	55.8	2,460.2	2,406.7	53.5
Wisconsin	7,328.4	7,107.6	220.7	7,107.4	6,907.1	200.3
Wyoming	265.3	254.3	11.0	244.2	236.2	8.0

[1] Data are based on warrants covered by the Bookkeeping and Warrants Division of the Treasury Department and therefore differ slightly from tax receipts in tables 5 and 9, which are based on the *Daily Statement of the U. S. Treasury*. Amounts listed in this table represent collections made in internal revenue collection districts in the respective States and covered into Treasury. The amount received by a particular district does not necessarily represent taxes paid with respect to employment within the State in which that district is located.

[2] Tax effective Jan. 1, 1937, payable by employers and employees.

[3] Tax effective Jan. 1, 1936, payable by employers only. Amounts paid into State unemployment funds not included.

Source: Treasury Department, Bureau of Accounts.

Table 8.—*Federal grants to States under the Social Security Act: Checks issued by the Treasury Department through September of fiscal years 1944–45 and 1945–46*

[In thousands]

State	Fiscal year 1944–45 through September, total grants	Fiscal year 1945–46 through September								
		Total grants	Federal Security Agency				Department of Labor			
			Social Security Board				Children's Bureau			
			Old-age assistance	Aid to dependent children	Aid to the blind	Unemployment compensation administration	Maternal and child health services	Services for crippled children	Child welfare services	
Total, all participating States	[1] $120,741.2	[2] $131,237.0	$97,984.8	$15,221.6	$2,783.5	$12,747.3	$1,188.9	$857.7	$328.7	
Alabama	1,204.2	1,305.1	881.8	230.1	21.9	123.5	18.7	20.6	8.5	
Alaska	110.2	59.2	(3)	7.0		45.1		4.8	2.3	
Arizona	793.6	765.7	564.2	96.0	27.1	38.7	8.3	25.6	5.8	
Arkansas	1,169.6	1,196.4	773.2	197.7	38.9	122.2	34.6	21.3	8.6	
California	11,495.3	[2] 11,972.5	9,684.8	450.5	355.2	1,285.2	42.0	16.8	13.4	
Colorado	2,645.5	2,640.6	2,324.6	201.7	29.0	41.7	26.0	14.7	2.9	
Connecticut	977.8	1,083.6	686.0	129.8	7.3	223.8	13.3	20.0	3.4	
Delaware	117.0	103.3	33.5	23.5	(3)	36.9	5.9		3.2	
District of Columbia	332.5	343.1	155.8	67.1	13.9	69.6	22.3	11.4	2.9	
Florida	2,111.3	2,464.0	1,861.9	321.3	104.1	112.8	28.6	29.9	5.4	
Georgia	1,748.9	2,060.6	1,562.2	213.6	61.1	172.1	18.9	20.2	12.6	
Hawaii	155.8	222.2	101.9	68.1	6.3	25.8	7.3	10.2	2.4	
Idaho	684.7	592.4	460.1	68.3	9.9	37.2	13.0	3.9		
Illinois	7,228.3	8,237.5	6,001.0	1,095.2	251.0	793.9	38.5	53.9	4.0	
Indiana	3,028.8	3,766.5	2,916.0	400.6	119.9	283.3	33.1	12.0	1.6	
Iowa	2,354.0	2,566.7	2,270.1	124.5	61.1	61.4	13.8	27.0	8.8	
Kansas	1,604.2	1,607.6	1,243.9	168.7	52.5	95.4	24.3	17.3	5.5	
Kentucky	1,775.1	1,317.3	903.0	177.0	39.9	136.9	27.2	24.8	8.7	
Louisiana	2,804.8	1,981.8	1,322.9	450.1	56.9	121.1	18.4	6.8	5.5	
Maine	835.2	959.0	725.8	90.3	37.7	81.5	14.1	4.0	5.7	
Maryland	944.5	1,098.8	640.7	232.3	26.7	150.9	34.1	7.6	6.5	
Massachusetts	5,150.4	4,842.9	3,949.6	369.7	56.0	439.8	8.0	15.0	4.9	
Michigan	5,336.3	7,228.4	5,474.7	620.6	90.6	963.1	36.9	34.7	7.9	
Minnesota	4,071.0	3,118.5	2,615.4	268.3	52.7	154.4	17.1	10.6	.1	
Mississippi	1,042.1	931.6	646.0	118.7	51.5	67.3	15.3	20.4	12.4	
Missouri	4,589.5	6,100.8	5,035.3	802.0	(3)	210.7	27.0	17.0	8.8	
Montana	890.7	670.9	519.3	75.1	19.9	39.4	11.5	4.9	.7	
Nebraska	1,270.3	1,389.9	1,189.5	119.2	19.2	38.9	9.8	9.6	3.9	
Nevada	176.8	180.3	141.3	(3)	(3)	33.2	2.9		2.8	
New Hampshire	332.3	418.8	287.5	41.5	11.9	62.7	6.7	4.8	3.7	
New Jersey	2,081.7	1,969.7	1,040.5	207.3	29.9	637.4	29.7	18.8	6.2	
New Mexico	504.9	483.7	275.1	144.1	11.6	32.2	6.9	9.3	4.7	
New York	8,295.1	10,913.3	6,583.7	1,610.1	220.1	2,388.5	66.4	33.4	11.1	
North Carolina	1,241.0	1,276.3	688.4	262.2	107.6	146.6	40.4	24.8	6.3	
North Dakota	584.8	516.7	382.6	85.7	5.1	20.7	7.3	9.7	5.6	
Ohio	6,633.8	8,766.4	6,916.3	603.3	204.3	926.7	86.5	20.7	8.4	
Oklahoma	4,262.6	5,235.0	4,131.9	844.8	102.7	90.1	23.8	35.0	6.8	
Oregon	1,351.6	1,769.0	1,512.8	97.2	29.3	109.5	6.9	10.2	3.0	
Pennsylvania	5,808.5	7,529.9	4,881.9	1,662.0		832.7	62.1	79.2	12.0	
Puerto Rico	261.8	33.6	(3)	(3)	(3)	(3)	22.1	5.2	6.2	
Rhode Island	705.1	757.3	512.1	116.5	5.8	96.4	11.4	12.4	2.6	
South Carolina	843.3	1,145.0	757.5	207.2	42.1	71.3	42.4	14.4	10.2	
South Dakota	630.0	595.8	465.5	84.4	7.8	17.8	7.0	7.7	5.6	
Tennessee	1,910.7	1,775.6	981.7	542.6	49.3	151.9	29.0	9.4	11.7	
Texas	8,945.7	7,285.0	6,278.6	373.4	166.2	379.9	45.4	24.4	17.2	
Utah	921.3	949.6	754.3	120.4	7.4	48.6	9.0	9.9		
Vermont	263.6	342.7	255.0	27.9	8.8	39.9	4.3	3.1	3.7	
Virginia	734.1	752.8	345.8	168.7	27.1	129.2	49.4	24.2	8.5	
Washington	4,173.1	4,218.0	3,682.6	211.2	38.1	250.4	20.8	11.2	3.7	
West Virginia	1,034.2	920.9	432.4	312.5	24.9	103.2	16.3	10.6	21.0	
Wisconsin	2,342.2	2,591.3	2,008.6	295.0	68.4	181.5	18.8	10.0	8.9	
Wyoming	231.2	183.4	125.6	16.7	5.1	24.6	5.3	4.0	2.2	

[1] Includes $3,372,400 for grants for public health work to Public Health Service under title VI of the Social Security Act; beginning July 1945, such grants have been made under the Public Health Service Act of July 1944.

[2] Includes $124,665 to California for public health work, granted in August 1945 but charged to the appropriation for the preceding fiscal year.

[3] No plan approved by Social Security Board.

Source: Compiled from data furnished by the Treasury Department, Bureau of Accounts.

Table 9.—*Status of the old-age and survivors insurance trust fund, by specified period, 1937–45*

[In thousands]

Period	Receipts		Expenditures		Assets			
	Appropriations to trust fund [1]	Interest received [2]	Benefit payments [3]	Reimbursement for administrative expenses [4]	Net total of U. S. Government securities acquired [5]	Cash with disbursing officer at end of period	Credit of fund account at end of period	Total assets at end of period
Cumulative, January 1937–October 1945	$7,427,766	$537,755	$878,374	$163,209	$6,819,281	$38,683	$65,974	$6,923,938
Fiscal year:								
1943–44	1,292,122	103,177	184,597	32,607	1,172,036	21,384	16,136	5,446,391
1944–45	1,309,919	123,854	239,834	26,950	1,137,411	35,092	32,007	6,613,381
4 months ended:								
October 1943	374,770	562	56,485	11,087	262,051	25,910	51,260	4,576,055
October 1944	404,272	3,718	72,354	9,181	267,964	26,686	69,326	5,772,846
October 1945	406,470	9,242	94,889	10,266	273,000	38,682	65,974	6,923,938
1944								
October	55,427		19,204	1,869		26,686	69,326	5,772,846
November	267,340		18,996	1,869		28,680	313,806	6,019,320
December	3,974	2,530	19,248	1,869	290,000	29,418	8,455	6,004,707
1945								
January	33,275	4,938	20,032	2,307	−13,000	30,376	36,371	6,020,582
February	222,056		19,431	2,307		32,936	234,129	6,220,899
March	17,640	7,673	22,751	2,307	200,000	32,256	35,065	6,221,155
April	41,157		21,820	2,370		33,427	50,860	6,238,121
May	315,615		22,848	2,370		33,569	341,115	6,528,518
June	4,591	105,000	22,354	2,370	392,447	35,092	32,007	6,613,381
July	61,501		23,139	2,476		35,938	67,048	6,649,267
August	285,803		22,888	2,476		38,021	325,404	6,909,706
September	4,731	9,242	23,497	2,476	273,000	39,074	39,351	6,897,706
October	54,434		25,365	2,838		38,682	65,974	6,923,938

[1] Equals taxes collected under the Federal Insurance Contributions Act.
[2] Interest on investments held is credited annually in June; on investments redeemed, in month of redemption.
[3] Based on checks cashed and returned to Treasury.
[4] Figures for October–December 1944, in addition to usual bookkeeping adjustment for April–June quarter, include additional bookkeeping adjustments for expenditures for fiscal years 1941–42, 1942–43, and 1943–44. Figures in table do not reflect actual outlays in the respective years.
[5] Minus figures represent net total of notes redeemed; includes accrued interest.

Source: *Daily Statement of the U. S. Treasury.*

Table 10.—*Status of the unemployment trust fund, by specified period, 1936–45*

[In thousands]

Period	Total assets at end of period	Net total of Treasury certificates and bonds acquired [1]	Unexpended balance at end of period	State accounts				Railroad unemployment insurance account			
				Deposits	Interest credited	Withdrawals [2]	Balance at end of period	Deposits	Interest credited	Benefit payments	Balance at end of period [2] [3]
Cumulative, January 1936–October 1945	$7,531,594	$7,483,173	$48,420	$8,912,158	$471,413	$2,527,561	$6,856,064	$532,059	$34,416	$45,017	$675,528
Fiscal year:											
1943–44	5,878,778	1,503,000	8,778	1,349,307	88,526	60,000	5,380,403	109,375	8,001	591	498,375
1944–45	7,315,258	1,437,173	8,084	1,256,003	113,140	70,492	6,679,108	118,794	10,502	785	636,150
4 months ended:											
October 1943	4,779,705	401,000	11,705	387,759		16,878	4,373,450	24,842		177	406,255
October 1944	6,301,412	398,000	33,412	399,518	756	17,579	5,763,098	30,878	69	134	538,313
October 1945	7,531,594	176,000	48,420	371,813	3,931	198,789	6,856,064	29,587	368	398	675,528
1944											
October	6,301,412	23,000	33,412	57,245	756	4,882	5,763,098	43	69	45	538,313
November	6,550,190	278,000	4,190	252,416		4,593	6,010,922	999		45	539,268
December	6,583,434	33,000	4,434	7,071	2,336	4,910	6,015,418	28,585	216	53	568,016
1945											
January	6,674,828	74,000	21,828	43,537	50,165	6,970	6,102,174	27	4,637	100	572,654
February	6,880,453	220,000	7,453	211,822		6,758	6,307,239	652		92	573,214
March	6,914,989	38,000	3,989	11,346	2,702	7,970	6,313,317	28,324	250	116	601,672
April	6,956,109	25,000	20,109	46,955		6,137	6,354,135	324		85	601,974
May	7,226,959	283,000	7,959	276,077		7,280	6,622,933	2,117		65	604,026
June	7,315,258	88,173	8,084	7,261	57,180	8,296	6,679,109	26,888	5,330	96	636,148
July	7,372,826	35,000	30,653	62,778		14,932	6,726,955	45		41	645,870
August	7,610,393	251,000	17,219	257,968		21,593	6,963,330	1,232		41	647,061
September	7,596,118	−20,000	22,944	8,750	3,494	55,040	6,920,534	28,261	327	100	675,582
October	7,531,594	−90,000	48,420	42,316	437	107,224	6,856,064	49	41	216	675,528

[1] Includes accrued interest. Minus figures represent redemptions.
[2] Includes transfers from State accounts to railroad unemployment insurance account amounting to $106,443,620, of which $101,000 was transferred from Kentucky account in July and $71,620 in October 1945.
[3] Includes transfers from railroad unemployment insurance administration fund amounting to $47,649,000.

Source: *Daily Statement of the U. S. Treasury.*

Recent Publications in the Field of Social Security*

Social Security Board

KLEM, MARGARET C. *Prepayment Medical Care Organizations.* 3d edition, June 1945. Washington: U. S. Govt. Print. Off., 1945. 148 pp. (Social Security Board, Bureau of Research and Statistics, Bureau Memorandum No. 55.) 25 cents.

Revised to include 1945 information on the 235 plans operating in the United States and the 16 Canadian plans.

WILSON, LORAINE. *Social Security for the Bill Johnsons.* Washington: Social Security Board, Training Division. [1945]. 38 pp.

The social security programs and what they mean to a typical American family, written in popular style. A limited number of copies are available for schools and libraries. Apply to Training Division, Social Security Board, Washington 25, D. C.

General

AMERICAN FOUNDATION FOR THE BLIND. *Social Security for the Blind.* New York: The Foundation, 1945. 4 pp.

Proposes amendments to the Social Security Act to meet the special needs of the blind.

BRITISH ASSOCIATION FOR LABOUR LEGISLATION. *The New I. L. O.?* London: The Association, 1945. 19 pp. 9d.

Considers the future of the International Labor Organization and its relation to the Social and Economic Council of the United Nations Organization.

BRUEGEL, J. W. "Social Policy in Occupied Czechoslovakia, 1938–1944." *International Labour Review,* Montreal, Vol. 52, Aug.–Sept. 1945, pp. 154–175. 50 cents.

Discussion, by an official of the Czechoslovak Ministry of Economic Reconstruction, of social and labor legislation showing the extent of compulsory labor and the changes in wages, hours of work, and social insurance benefits.

*The inclusion of prices of publications in this list is intended as a service to the reader, but any orders must be directed to publishers or booksellers and not to the Social Security Board or the Federal Security Agency. Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

CALIFORNIA. UNIVERSITY. HELLER COMMITTEE FOR RESEARCH IN SOCIAL ECONOMICS. *Restricted Quantity and Cost Budget for Maintenance of Families or Children.* Berkeley: University of California Press, 1945. 61 pp. Processed. 50 cents.

A maintenance budget, giving items, amounts, and their cost, for a very low income or dependent family.

CALIFORNIA. UNIVERSITY. HELLER COMMITTEE FOR RESEARCH IN SOCIAL ECONOMICS. *Wartime Budget for a Single Working Woman.* Berkeley: University of California Press, 1945. 21 pp. Processed. 20 cents.

CALIFORNIA. UNIVERSITY. HELLER COMMITTEE FOR RESEARCH IN SOCIAL ECONOMICS. *Wartime Food for Four Income Levels.* By Ruth Okey and Edith J. Linford. Berkeley: University of California Press, 1945. 53 pp. Processed. 35 cents.

Food allowance for the family of an executive, a white-collar worker, and a wage earner, and for a dependent family. Includes an itemized weekly maintenance food allowance for persons of specified age and sex.

CARVALHO, M. CAVALCANTI DE. "Direito do Seguro Social." *Trabalho e Seguro Social,* Rio de Janeiro, Vol. 9, July 1945, pp. 102–110.

Outline of the development of social security in Brazil.

CHILE. DIRECCION GENERAL DE ESTADISTICA. *Veinte Años de Legislación Social.* Santiago de Chile: Imprenta y Litografía Universo, S. A., 1945. 255 pp.

A review of social legislation in Chile for the past 20 years which includes detailed statistics on labor from 1932 to 1943.

COMMITTEE FOR ECONOMIC DEVELOPMENT. MARKETING COMMITTEE. *American Industry, Industry Looks Ahead.* New York: The Committee, 1945. 63 pp. and Supplement. $1.

A business estimate of the market for manufactured goods in 1947 and the corresponding level of employment. The supplement consists of a digest of manufacturers' opinions on postwar problems.

"Family Allowances in France." *International Labour Review,* Montreal, Vol. 52, Aug.–Sept. 1945, pp. 196–210. 50 cents.

Reviews the development of the program and describes the administrative organization, rates of benefits, and other principal characteristics.

"The Industrial Committees of the International Labour Organization." *International Labour Review,* Montreal, Vol. 52, Aug.–Sept. 1945, pp. 139–153. 50 cents.

The proposed structure and function of the new committees set up for seven major industries.

Inter-American Affairs 1944: An Annual Survey: No. 4. Edited by Arthur P. Whitaker. New York: Columbia University Press, 1945. 284 pp. $3.25.

The chapter on labor and social welfare was written by Otis E. Mulliken and Sarah E. Roberts.

"Labour Provisions of the New Constitution in Ecuador." *International Labour Review,* Montreal, Vol. 52, Aug.–Sept. 1945, pp. 222–223. 50 cents.

Summarizes labor and welfare provisions of the constitution promulgated in March 1945.

MCCARTHY, HENRY I., STONE, RALEIGH; and PLOTKIN, ABRAHAM. *New Goals for Social Security.* Evanston, Ill.: Northwestern University, Radio Department, 1945. 12 pp. (Northwestern University. Radio Department. The Reviewing Stand. Vol. 5, Aug. 19, 1945.) 10 cents.

A radio discussion centering mainly on unemployment compensation.

MITCHELL, WILLIAM L. *Extension of Social Insurance to the Whole Population.* Address at the Vermont Conference of Social Welfare, Burlington, Vt., Oct. 25, 1945. Social Security Board, Informational Service, 1945. 12pp. Processed.

Discusses the major areas of insecurity, the program as it is today and what might be done to fill in the gaps.

QUEBEC (PROVINCE) BUREAU OF STATISTICS. *Annuaire Statistique—Statistical Year Book, Quebec 1944.* Quebec: Redempti Paradis, 1945. 527 pp.

Includes material on old-age pensions, public assistance, public health, labor, and unemployment compensation.

"The Reform of Social Insurance in Brazil." *International Labour Review,* Montreal, Vol. 52, Aug.–Sept. 1945, pp. 251–253. 50 cents.

Summary of the "Organic Law respecting the Social Services in Brazil."

SIMMONS, LEO W. *The Role of the Aged in Primitive Society.* New Haven: Yale University Press, 1945. 317 pp. $4.

A study of the status and treatment of the aged in primitive societies, showing the extent to which they are assured of food and property rights, their prestige, routine activities, civil and political functions, and adjustment to family life.

"The Social Insurance Movement in Spain." *International Labour Review*, Montreal, Vol. 52, Aug.–Sept. 1945, pp. 249–251. 50 cents.

Reviews several decrees which set up a commission to draft a compulsory social insurance program on a national scale and amend the health services and sickness insurance regulations.

"Voluntary Pension Insurance in the Dominions." *National Insurance Gazette*, London, Vol. 34, Oct. 11, 1945, pp. 481–482 f. 6d.

Explanation of the terms under which a Dominion resident may become a voluntary contributor for pension purposes, if he was a voluntary contributor before leaving Great Britain or was at that time entitled to become a voluntary contributor.

Old-Age and Survivors Insurance

McGee, Philip L. "Old Age and Survivors Insurance." *Louisiana Welfare*, Baton Rouge, Vol. 5, Oct. 1945, pp. 14–17.

Comments briefly on the effect of the State's adoption and intestacy laws.

Mushkin, S. J., and Scitovsky, Anne De. "A Formula for Social Insurance Financing." *American Economic Review*, Menasha, Wis., Vol. 35, Sept. 1945, pp. 646–652. $1.25.

Proposes "that the social insurance program be financed in such a way that at full, or high level, employment the combined effect of pay-roll taxes and benefits, on consumption, would be neutral."

"Railroad Retirement Annuitants in Social Security Employment." *Monthly Review* (Railroad Retirement Board), Chicago, Vol. 6, Oct. 1945, pp. 166–168 f.

The number of retired railroad men who took jobs in social security employment, the reasons for their return to work, and the amount of wages received.

Employment Security

Backman, Jules, and Gainsbrugh, M. R. *Wages During the Transition Period.* New York: National Industrial Conference Board, Inc., 1945. 76 pp. (National Industrial Conference Board. Studies in Business Economics, No. 1.) 25 cents.

Examines the arguments for increasing wages.

Benoit-Smullyan, Emile. "Full Employment: Its Economic and Legal Aspects." *Antioch Review*, Yellow Springs, Ohio, Vol. 5, Fall 1945, pp. 320–334. 75 cents.

Discusses the philosophy and meaning of the pending full employment legislation.

Clague, Ewan. "What Work is 'Suitable'?" *American Federationist*, Washington, Vol. 52, Nov. 1945, pp. 23–25. 20 cents.

Sketches some of the problems in defining suitable work and urges that a worker with a definite trade or skill be given a reasonable time in which to find a job near his skill before denying him unemployment insurance benefits.

Committee for Economic Development. Research Committee. *Toward More Jobs and More Freedom.* New York: The Committee, 1945. 18, 7 pp. Processed.

Sets forth the nature of the problem involved in obtaining full employment, defines the responsibilities of individuals, groups, and the Government for its solution, and recommends steps leading to a full employment program.

Copland, Douglas Berry. *The Road to High Employment.* Cambridge: Harvard University Press, 1945. 137 pp. $1.75.

Examines the problem of reconciling "The insistence of the peoples on security of employment and a high standard of living with the equally important objective of political and economic freedom."

Corson, John J. "A National Personnel Department." *Survey Graphic*, New York. Vol. 34, Nov. 1945, pp. 432 ff. 30 cents.

Why the employment service should continue during reconversion as a national system operated by the Federal Government.

Greverus, Jane, and Perry, John. "A Plan for Work Security." *Antioch Review*, Yellow Springs, Ohio, Vol. 5, Fall 1945, pp. 335–350. 75 cents.

A plan for Government public works program.

Hoover, Calvin B. *International Trade and Domestic Employment.* New York: McGraw-Hill Book Company, Inc., 1945. 117 pp. (Committee for Economic Development. Research Committee. The Longer Term Fundamental Problems. Research Studies, Series B. No. 3.) $1.75.

An exposition of the basic principles of international production and exchange and of the essential elements of an American program for expanding international trade to aid ourselves and the world.

May, Samuel C. *The Postwar Unemployment Problem in California, 1945–1947.* Berkeley (Bureau of Public Administration, University of California), 1945. 15 pp. Processed.

Concludes that "California must either greatly expand her industrial and agricultural production, lose much of recent expanded population or carry a tremendous burden of unemployment."

Missouri. Unemployment Compensation Commission. *Effect Upon the Work Load of the Agency and Upon the Benefits Reserve Fund That Would Result by Reducing the Number of Workers Required for Liability From Eight or More to Four and/or One or More.* Jefferson City, 1945. 13 pp. Processed. (Special Research Bulletin No. 14.)

Missouri. Unemployment Compensation Commission. *Experience Rating Under the Missouri Unemployment Compensation Law for 1945 and Effect of Same Upon the Benefits Reserve Fund of the State.* Jefferson City, 1945. 37 pp. Processed. (Special Research Bulletin No. 15.)

Pate, James Ernest. "Procedure of the Unemployment Compensation Commission of Virginia." *Virginia Law Review*, Charlottesville, Vol. 31, Sept. 1945, pp. 964–1004. $1.25.

A study of the administration of unemployment compensation in Virginia, with emphasis on the Commission's quasi-judicial and legislative powers.

"United States Employment Service Takes on Its Peacetime Tasks." *Employment Service Review*, Washington, Vol. 12, Oct. 1945, pp. 3–15. 10 cents.

A series of short articles showing the change in emphasis in future activities.

Vogt, Paul L. *The People's Purse and Full Employment.* New York: Island Workshop Press, 1945. 41 pp. 75 cents.

Contends that the average incomes of the prewar low-income groups must be brought up to at least a medium standard if purchasing power adequate to maintain full employment is to be achieved.

Public Welfare and Relief

American Public Welfare Association. *Annual or Biennial Reports of State Departments of Welfare.* Chicago: The Association, 1945. 8 pp. Processed.

Information on the reports and periodicals issued by State departments.

Colby, Mary Ruth. "The Responsibility of a State Department of Public Welfare in Adoption—Evaluation and Interpretation." *Social Service Review*, Chicago, Vol. 19, Sept. 1945, pp. 352–358. $1.25.

Feder, Leah. "The Time to Plan is Now." *Highlights*, New York, Vol.

6, Oct. 1945, pp. 89–92. 15 cents.

Stresses the responsibility of the family case work movement in securing adequate planning and legislation for the reconversion.

GROSSMAN, HARRY, and COLE, ROBERT H. "Distribution of Family Allowance Benefits." *Social Service Review*, Chicago, Vol. 19, Sept. 1945, pp. 359–372. $1.25.

Analyzes the various categories of dependents under the Servicemen's Dependents Allowance Act and the percentages of payments as compared with the populations of the various States.

KEITH, GEORGE M. "Changes Made in State Public Assistance Laws." *Public Welfare* (Wisconsin Department of Public Welfare), Madison, Vol. 1, Oct. 1945, pp. 16–18.

Amendments modernizing Wisconsin's public welfare laws.

LINFORD, ALTON A. "Responsibility of Children in the Massachusetts Old Age Assistance Program. III. Recent Developments, 1943–45." *Social Service Review*, Chicago, Vol. 19, Sept. 1945, pp. 391–411. $1.25.

LONIGAN, EDNA. *Postwar Public Relief Policies.* New York, Washington: American Enterprise Association, Inc., 1945. 35 pp. (National Economic Problems No. 412.) 50 cents.

Reviews "the background of relief, the present relief machinery, and the changes needed to meet the stresses of the postwar years." Considers the relationship of adequate payments to national income, and outlines recommendations for shifting relief policy from the welfare philosophy of permanent government aid to preventive relief.

MCMILLEN, WAYNE. *Community Organization for Social Welfare.* Chicago: University of Chicago Press, 1945. 658 pp. $4.75.

A textbook, for students, social workers, and community leaders, which discusses the functions of social workers and social agencies and seeks to evaluate the methods through which community action is achieved. Each chapter is accompanied by documents drawn from reports of official and voluntary agencies.

NATIONAL CONFERENCE OF CATHOLIC CHARITIES. *Proceedings of the Thirtieth Meeting . . . Brooklyn, N. Y., November 17–20, 1944.* Washington: The Conference, 1945. 283 pp.

Includes papers on social case work, medical care, and child welfare.

TARASTI, AARNE. "Allmänna Principer för Vardverksamheten i Finland." *Sociala Meddelanden* (Official Journal of the Royal Social Board), Stockholm, Sweden, 1945, No. 8, pp. 690–694.

A discussion of general principles for welfare work in Finland, by the State Councillor.

WISNER, ELIZABETH. "The Puritan Background of the New England Poor Laws." *Social Service Review*, Chicago, Vol. 19, Sept. 1945, pp. 381–390. $1.25.

Health and Medical Care

ALABAMA. STATE PLANNING BOARD. *Health and Medical Care in Alabama.* Alabama State Planning Board in Cooperation with the Postwar Planning Commission of the Medical Association of the State of Alabama and the Department of Health. Montgomery: The Board, 1945. 143 pp.

Presents pertinent facts dealing with health conditions in the State, medical care received, the deficiencies in, and needs for, medical care. Outlines a master hospital plan for Alabama as a step toward better health.

American Hospital Directory, 1945. Chicago: American Hospital Association, 1945. 600 pp. $10.

A new and comprehensive directory of American and Canadian hospitals. Information for each hospital indicates its approval by, and membership in, hospital associations; ownership or control; type of service; number of beds and bassinets; census; admissions and out-patient visits; equipment and pay roll; number of personnel; and chief staff members. General information for each State includes lien and licensing laws, State organizations, State agencies, and professional schools.

BAKER, HELEN, and DAHL, DOROTHY. *Group Health Insurance and Sickness Benefits Plans in Collective Bargaining.* Princeton: Industrial Relations Section, Department of Economics and Social Institutions, Princeton University, 1945. 94 pp. (Research Report Series: No. 72.) $1.50.

An analysis of plans, operated jointly by companies and trade-unions, which provide weekly cash benefits for industrial employees. Considers the impact of collective bargaining on provisions for sickness benefits and the historical development of such plans and their administration, and comments on the relationship of private group insurance to a national health insurance program.

BIRAUD, YVES M. "Health in Europe, A Survey of the Epidemic and Nutritional Situation." *Bulletin of the Health Organization of the League of Nations*, Geneva, Vol. 10, 1943–44, pp. 559–699.

BRODINSKY, B. P. "How Shall We Pay for Health?" *Parents Magazine*, New York, Vol. 20, Nov. 1945, pp. 20–21 ff. 25 cents.

Discussion of compulsory health insurance and voluntary prepayment plans as methods of paying for medical care.

BRUNK, A. S.; MANNIX, JOHN R.; and HUNT, JOHN F. "National Health Congress." *Modern Hospital*, Chicago, Vol. 65, Oct. 1945, pp. 43–46. 35 cents.

Outlines the organization and functions of a national health congress, to be composed of representatives of health organizations, labor, and industry, which would formulate public health policies and programs.

DAVIS, MICHAEL M. "Babies on the Doorstep." *Survey Graphic*, New York, Vol. 34, Nov. 1945, pp. 438–439. 30 cents.

An explanation of the expanded maternal and child welfare program proposed in the Pepper bill (S. 1318).

"From Yesterday to Tomorrow in the Voluntary Health Movement." *Survey Midmonthly*, New York, Vol. 81, Oct. 1945, pp. 253–272. 30 cents.

A special number devoted to an analysis and interpretation of the issues raised by the Gunn–Platt study of voluntary health agencies. Discusses the future place and functions of voluntary agencies, their relationship with each other and with public health agencies, and the financing of voluntary health agencies.

GUNN, SELSKAR M., and PLATT, PHILIP S. *Voluntary Health Agencies; An Interpretative Study.* New York: Ronald Press Company, 1945. 364 pp. $3.

A study, undertaken under the auspices of the National Health Council, of the structure, operation, and relationships of voluntary health agencies of the United States to find out what they have been contributing toward the public health and community welfare and how they can attain greater effectiveness in their respective fields or areas.

INTERNATIONAL LABOR OFFICE. *The Training and Employment of Disabled Persons; A Preliminary Report.* Montreal: The Office, 1945. 302 pp. (Studies and Reports, Series E (The Disabled), No. 7.) $1.50.

A general survey, country by country, showing the measures adopted or planned to facilitate the occupational reestablishment of disabled persons.

MOORE, ED. S. "Prepaid Medical Service Now Available for the People of Alabama." *Journal of the Medical Association of the State of Alabama*, Montgomery, Vol. 15, Oct. 1945, pp. 136–138. 25 cents.

Outlines the medical and surgical services recently made available to members of the Hospital Service Corporation of Alabama.

NEW ZEALAND. DEPARTMENT OF HEALTH. *Annual Report of the Director General of Health for the Year 1944–45.* Wellington: E. V. Paul, 1945. 34 pp.

Includes data on health and medical benefits.

SARTAIN, GERALDINE. "California's Health Insurance Drama." *Survey Graphic,* New York, Vol. 34, Nov. 1945, pp. 440–442 ff. 30 cents.

Reviews the attempt to pass health insurance legislation in California.

YAUKEY, JESSE B. *Activities of an Experimental Rural Health Program in Six Counties During its First Fiscal Year, 1942–43.* Washington: U. S. Department of Agriculture, Farm Security Administration, 1945. 65 pp. Processed.

A report on the program sponsored by the Farm Security Administration.

(Continued from page 17)

ana, Iowa, Massachusetts, Minnesota, New York, North and South Carolina, Pennsylvania, and Rhode Island, and in several other States.

October in Review

Initial claims for unemployment compensation continued downward in October, dropping from 1.1 million to 918,000, while continued claims rose from 4.2 million to an estimated 6.6 million—about 700,000 less than in July 1940, the peak month for continued claims. During the month the average number of persons filing initial claims in each week was more than offset by the number leaving the rolls, presumably because they found jobs. The claimants, a small fraction of all workers whose jobs were terminated, included many skilled and semiskilled workers; the available job openings, however, were mostly for the unskilled and for workers in heavy industries. Benefits paid during the month totaled about $106 million as against $50 million in September. The highest amount in any previous month was $55.7 million in July 1940, while the all-time low was $3.5 million in October and November 1943.

IN OLD-AGE AND SURVIVORS insurance operations also, readjustments in the labor market were a factor in October. Displacement of older workers in increasing numbers pushed awards of primary benefits to almost 23,000, more than 6,500 above the previous peak in February 1940. Increases in primary and wife's benefits in turn carried total awards of monthly benefits to a new high of 46,600. Another effect of the increase in numbers of aged workers leaving the labor market was the record number of transfers of primary beneficiaries from conditional-payment to current or deferred-payment status; about a third of these transfers are being accompanied by a recomputation of benefits to take account of the wages paid the beneficiary during the period for which his benefits were suspended. At the end of the month, benefits totaling $26.0 million a month were in force for 1.4 million beneficiaries.

THE PUBLIC ASSISTANCE programs variously reflected current employment conditions. After the slow but steady monthly declines that had prevailed over the past several years, the number of recipients increased for the second consecutive month under all programs but aid to the blind. The 3-percent rise for general assistance was the fourth monthly increase this year and the largest percentage increase since February 1940; a rise in case loads was reported by all but nine States. Expenditures for assistance for all programs combined totaled $85.2 million, $6.5 million more than in October 1944. The greatest increase in average payments was that for general assistance, from $29.70 to $31.52, while the average for families receiving aid to dependent children rose from $48.93 to $50.08.

Freezing Federal Insurance Contribution Rates for 1946

The scheduled increase in employer and employee contribution rates was postponed for the fourth consecutive year by the enactment of the Revenue Act of 1945 (Public Law No. 214, 79th Cong.), signed November 8. The act included an amendment to the Federal Insurance Contributions Act which continued through 1946 the rate of 1 percent each on employers and employees. In the absence of further legislation, the rates will go to 2½ percent on January 1, 1947. A summary of the various legislative steps in postponing the originally scheduled increase in rates is carried elsewhere in this issue.

U. S. GOVERNMENT PRINTING OFFICE: 1946

FEDERAL SECURITY AGENCY

SOCIAL SECURITY BOARD

Washington, D. C.

ARTHUR J. ALTMEYER, *Chairman*

GEORGE E. BIGGE

ELLEN S. WOODWARD

BUREAUS AND OFFICES

Executive Director

OSCAR M. POWELL

Assistant Executive Director

WILLIAM L. MITCHELL

Bureau of Old-Age and Survivors Insurance
OSCAR C. POGGE, *Director*

Bureau of Public Assistance
JANE M. HOEY, *Director*

Bureau of Employment Security
EWAN CLAGUE, *Director*

Bureau of Research and Statistics
I. S. FALK, *Director*

Bureau of Accounts and Audits
LEONARD J. WILBERT, *Director*

Informational Service
ROBERT HUSE, *Director*

Office of Appeals Council
JOSEPH E. MCELVAIN, *Chairman*

Office of the Actuary
W. R. WILLIAMSON, *Actuarial Consultant*

The SOCIAL SECURITY BULLETIN is published monthly under authority of Public Resolution No. 57, approved May 11, 1922 (42 Stat. 541), as amended by section 307, Public Act 212, 72d Congress, approved June 30, 1932. This publication is approved by the Director of the Bureau of the Budget.

The BULLETIN is prepared in the Periodic Publications Section, of which Jessica H. Barr is Chief, under the supervision of Mary Ross, Chief of the Division of Publications and Review, Office of the Executive Director. It reports current data on operations of the Social Security Board and the results of research and analysis pertinent to the social security program, and is issued primarily for distribution to agencies directly concerned with the administration of the Social Security Act. Statements in articles do not necessarily reflect final conclusions or official policies of the Social Security Board. Any part of this publication may be reproduced with appropriate credit to the BULLETIN.

The BULLETIN is for sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., to whom all purchase orders, with accompanying remittance, should be sent. Single copy, price 20 cents. Annual subscription in the United States, Canada, and Mexico, price $2.00; in other countries, $3.75.

Issues of the SOCIAL SECURITY YEARBOOK, an annual calendar-year supplement to the BULLETIN, are sold separately by the Superintendent of Documents as follows: 1939, 50 cents; 1940 and 1941, 70 cents each; 1942, 50 cents; 1943, 45 cents.